FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,726 Wednesday March 17 1982 30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c

NEWS SUMMARY

GENERAL

Brezhnev missile freeze attacked

Soviet President Leonid Brezhnev's announcement of a freeze on the deployment of new medium range nuclear missiles West of the Urals was yesterday criticised by Western leaders.

President Reagan said the freeze did not go far enough and Mrs Thatcher said the Kremlin was seeking to maintain its "total superiority" in medium-range missiles. Back Page; Thatcher, Page 10

Angola raid

South Africa said its troops wiped out a major Swapo base and killed 201 Namibian guerrillas in a weekend raid into Angola. Page 4

Anderton call

Manchester police chief James Anderton said council police committees should be abolished to keep police independent of local politics. Page 8

Baby food ban

Nestle, the world's largest producer of substitute baby foods, said it would end sales practices which discourage breast feeding. Back Page

Rape case move

Scotland's Lord Advocate told the Edinburgh High Court he would not oppose a Glasgow woman's bid to bring a private prosecution for alleged rape.

Von Bulow guilty

Danish-born Claus von Bulow was found guilty in Newport, Rhode Island, on two counts of trying to murder his heiress wife with insulin injections.

Brussels clashes

More than 180 were injured when 7,500 striking Belgian steelworkers protesting about job losses fought running battles with police in Brussels.

Car bomb scare

The bomb squad detonated a controlled blast on a suspect car in London after diverting a Royal procession. The car did not contain explosive.

Youths acquitted

Four black youths were acquitted at the Old Bailey of murdering disabled youth Terry May during an "orgy" of violent rioting in South London last June.

Classroom assault

The teacher told by a London magistrate she could expect to be assaulted won her case against a parent who knocked her to the classroom floor.

Nicaragua alert

Nicaragua's left-wing government declared a 30-day state of emergency after accusing the U.S. of supporting sabotage attacks. Page 5

Warsaw appeal

Solidarity's Warsaw leader, in hiding since martial law was imposed in December, called for a mass campaign of support for the union. Page 2

Rates forecast

The average domestic rate bill in England is expected to rise next month by about 15 per cent—from £245 to £281. Page 7

Briefly . . .

Journalists' co-operative newspaper Nottingham News is to close on Friday.

Two paintings by Prince Charles went on show at a London gallery.

Mexico's Finance Minister David Ibarra resigned.

BUSINESS

Gold up by $9½; dollar firmer

● GOLD rose $9¼ to finish at $323. Page 24

● DOLLAR rose to DM 2.3775 (DM 2.3735), SwFr 1.88 (SwFr 1.8770) and Y241.40 (Y240.35). Its trade-weighted index rose to 114 (113.6). Page 24

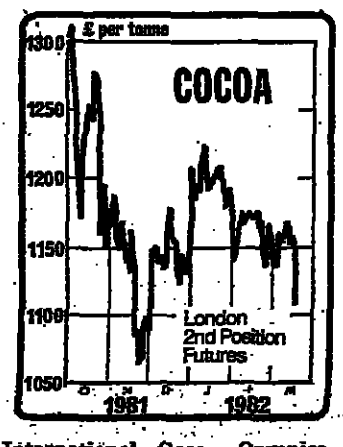
● STERLING was up 5 points to $1.8055, and was firmer at DM 4.295 (DM 4.285), SwFr 3.3975 (SwFr 3.39) and FFr 11.05 (FFr 10.995). Its trade-weighted index was 90.6 (90.3). Page 24

● GILTS ran out of steam after their recent strength. The Government Securities index lost 0.14 to 68.33. Page 30

● EQUITIES were drab. The FT 30-share index lost 3.4 to close at 562.4. Page 30

● WALL STREET was up 1.33 to 802.32 at mid-session. Page 28

● COCOA May quotation closed at £1,108.50 a tonne, down £43 on the day after reports that the International Cocoa Organisation had been "rotating" buffer stocks. Page 29



● GUINNESS PEAT agreed to sell its 30 per cent stake in Unitel, the U.S. money broking and computerised financial services operation, in a deal which will raise over £18m. Back Page

● MONOPOLIES and Mergers Commission references blocked the contested Rowntree Mackintosh £76m bid for Huntley and Palmer Foods and the agreed ICI £12.8m bid for Arthur Holden. Back Page

● CCP NORTH SEA Associates, the oil exploration company, has switched its recommendation to shareholders from a £15m Charterhouse Petroleum bid agreed last month to a £15.26m bid by Tricentrol. Back Page

● CABLE TV development go-ahead is expected from the Government on Monday. Back Page

● STOCK EXCHANGE is making modifications to its proposals for increased charges on share and gilt-edged transactions after market users' criticism. Page 8

● NEB hopes to invest a total of £20m in assisted regions of the UK in the next three or four years. Page 8

● PANCONTINENTAL Mining and Getty Oil of Australia have been given conditional approval for mining the Jabiluka uranium deposits in the Northern Territory. Page 23

● BROOKE BOND Group pre-tax profits fell from £19.33m to £18.92m in the six months to end December. Page 21; Lex, Back Page

● IMI, the fabricated products and components group, reported pre-tax profits for 1981 £4.43m behind at £23.81m, in spite of a second half figure of £13.61m (£11.14m). Page 21; Lex, Back Page

● J. BIBBY, the industrial and agricultural group, increased pre-tax profits by 12.58 per cent to £12.18m in the 53 weeks to January 2. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

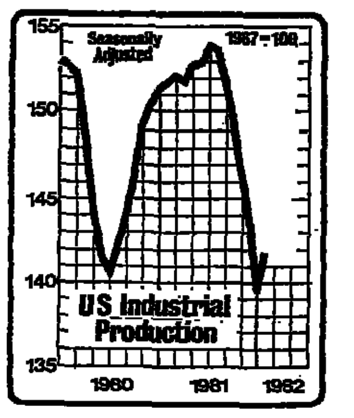
RISES		
Amalg. Dist Prods	80	+ 4
Bibby (J.)	340	+ 10
Brasway	74	+ 5
Copydex	52	+ 11
Ductile Steels	122	+ 4
Guinness Peat	68	+ 10
Ladbroke	166	+ 11
Pearson Longman	252	+ 20
Racal Elect	370	+ 10
Scott (David)	27	+ 2½
Whessoe	87	+ 7
Wolseley-Hughes	374	+ 4
CCP North Sea	185	+ 12
Charterhouse Pet.	70	+ 6
Cluff Oil	135	+ 10
Blyvoor	400	+ 24
Driefontein	968	+ 68
Gld Mns Kalgoorlie	175	+ 10
Marievale	88	+ 8
Pancontinental	110	+ 10
Pres Brand	£14¼	+ 1¼
Western Deep	£11½	+ ½

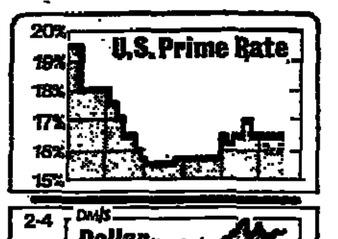
FALLS		
BAT Inds	413	− 8
Barclays Bank	450	− 15
Barratt Devs	265	− 11
British Sugar	420	− 20
Bronx Eng	15	− 4
Brooke Bond	54	− 3
Geers Gross	130	− 8
Grand Met	203	− 5
Hawker Siddeley	306	− 10
Holden (A.)	158	− 23
Huntley & Palmer	84	− 21
Lloyds Bank	440	− 15
NatWest Bank	430	− 15
NCC Energy	75	− 5
Tricentrol	172	− 4

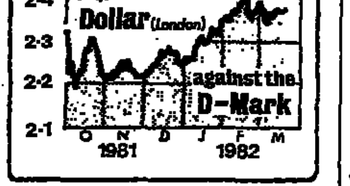
EUROPE INTEREST RATES FIRM

U.S. industry index up as banks lift prime

BY OUR FOREIGN AND FINANCIAL STAFF







U.S. INDUSTRIAL production increased in February, the first rise for seven months. Publication of the figures by the Federal Reserve Board coincided with a prime rate increase by several U.S. banks and signs of firmer interest rates in European centres.

The industrial production figures and the interest rate charges coincided with a warning from Dr Henry Kaufman, the influential Wall Street economist, that high interest rates would choke any U.S. economic upturn later this year.

Yesterday's developments included:

● The industrial production figures showed a rise of 1.7 per cent last month following a sharp 2.5 per cent fall in January. The Fed warned, however, that the figures did not necessarily signal the end of the recession.

● Four U.S. banks—Chase Manhattan, Morgan Guaranty, First National Bank of Chicago and Bankers Trust—raised their prime rate by half a percentage point to 16.5 per cent. The move brought them back into line with most other large banks which had held their lending rate to best corporate borrowers at 16.5 per cent last week when the four cut their rates.

● In Washington Dr Kaufman, testifying before the House budget committee, said he expected the federal budget deficit in fiscal 1983 to total $135bn (£75bn). He urged tax and monetary policy changes including a halving of the planned 10 per cent tax cut next July and elimination of the proposed 1983 tax cut.

● In Europe hopes of further falls in interest rates receded as domestic money market rates edged higher. Eurodollar interest rates rose another ¼ percentage point, giving a rise of one percentage point over the last week.

● In London, the Bank of England gave generous help to the money markets but this did not prevent the seven-day interbank rates from rising ⅛ to 14½. Any further rise will put pressure on the banks to increase their base rates which they reduced last week.

● On European foreign exchange markets, the dollar continued to move higher. Sterling was one of the few currencies also to move upwards against the dollar. The pound's trade-weighted index closed 0.3 higher at 90.6. The dollar rose to its best level for several months against the Japanese yen, closing at Y241.4 against Y239.9 the previous day.

● The French franc continued to lose ground within the European Monetary System. The Eurofranc rate rose sharply for the second day running. The three-month rate topped 20 per cent, a rise of more than four and a half percentage points over the last two days.

In Washington the Fed commented that the U.S. February industrial production

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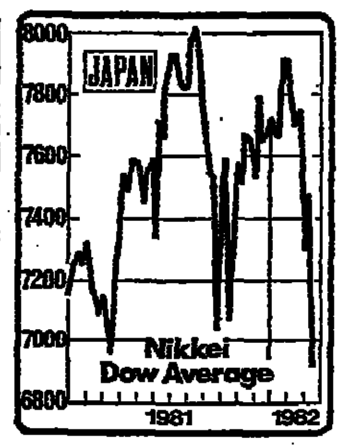
Interest rates threaten recovery in U.S., Page 5
Money markets, Page 24



Wave of share sales in Tokyo

By John Makinson in London and Charles Smith in Tokyo

GROWING CONCERN about Japan's economic performance prompted a wave of selling on the Tokyo stock market yesterday. The widely followed Nikkei Dow Average tumbled 162 points to 6,917, its lowest level for 18 months.

The market was not reassured by news that the Government, in an attempt to stimulate the flagging economy, had decided to execute in the first half of the year a "major portion" of public works provided for in the 1982 budget.

A string of poor results from leading Japanese companies has underlined the official figures which show a decline in gross national product in the last quarter of 1981. The persistent weakness of the U.S. economy and the threat of further trade restrictions have done nothing to relieve the gloom.

Yesterday's stock market drop, the biggest of the year, was accelerated by a steep fall in the share price of Hitachi, a bell-wether for the whole Tokyo market. Hitachi recently made a large equity issue in New York and the share price is believed to have received subsequent support from Japanese securities companies. But yesterday the support evaporated and the price collapsed from Y582 to Y550.

Private investors have been heavy sellers after last week's decision by securities companies to tighten the collateral requirements for stock purchases. These technical factors have played a major role in the past few days, but the main impetus behind the selling

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Brokers lower corporate profit forecast, Page 27
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£ in New York

—	Mar. 15	previous
Spot	$1.8170-8185	$1.7960-7990
1 month	0.23-0.28 pm	0.20-0.25 pm
3 months	0.73-0.78 pm	0.72-0.77 pm
12 months	2.70-2.80 pm	2.75-2.85 pm

BAT Industries buys another U.S. store chain

BY DAVID CHURCHILL IN LONDON AND DAVID LASCELLES IN NEW YORK

BAT INDUSTRIES, the world's largest tobacco multinational, further strengthened its diversification into U.S. retailing yesterday with an agreed $310m (£172m) bid for Marshall Field, the Chicago-based department store chain.

It is BAT's biggest foray into retailing in the U.S., where it owns the Gimbel and Saks department stores.

In the UK it has also diversified into retailing with the acquisition of International Stores and the Argos discount chain over the past decade.

Marshall Field has 77 up-market department stores. In the year to January 31 1981 it recorded sales of $1bn and made after-tax profits of $20.7m. For the four quarters to October 31 1981 sales where $1.2bn and after-tax profits $23.2m.

The takeover is being carried out by BATUS, BAT's management company for its U.S. interests. These include Brown and Williamson, the country's third largest tobacco manufacturer.

The bid will be a cash offer at $22.50 per common share and $45.90 for preferred shares.

It is seen in the U.S. as a rescue of the store group from the unwelcome attentions of Mr Carl Icahn, head of Icahn Capital Corp, aU.S. securities firm. Mr Icahn has built up a 30 per cent stake in Marshall Field, provoking an acrimonious battle with the company and forcing it to reluctantly consider seeking a large company to take it over.

Mr Icahn said yesterday he would contest the bid by "all available means."

Marshall Field shares were trading at $15 before Mr Icahn started buying them late last year. More recently, they have been trading at $22. News of the bid boosted them by 2¼ cents to $24¼ on Wall Street yesterday morning.

In London yesterday BAT's share price fell 8p to close at 413p.

BAT has been trying to diversify for the past two decades but has been relatively unsuccessful. Profits from its tobacco interests still account for some 70 per cent of total earnings, even though the company hoped to reduce this level to about 60 per cent with its acquisitions.

Apart from retailing, it has diversified into cosmetics, paper and packaging.

Its last major takeover in the U.S. was in 1978 when it bought the Appleton Papers group for £153m.

Marshall Field's stores are spread thinly throughout the U.S., but BAT believes its operations complement its existing retail network.

If the merger does not take place, for whatever reason, BATUS will have first refusal in buying Marshall Field's Chicago division.

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Europe cool on Reagan call for tighter Soviet sanctions

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE U.S. initiative to bring the Western allies together to impose a programme of financial sanctions against the Soviet Union is foundering in the face European reluctance to wage what is being described as "economic war."

The West German Government responded coolly to the U.S. proposals, put forward on Monday by Mr James Buckley, the U.S. Under-Secretary of State. The U.K. Government will be equally unsympathetic in talks with Mr Buckley today, officials said in London.

On his tour of major European capitals Mr Buckley is understood to be seeking:

● A halt to all subsidised export credits — that is, the use of official funds to bridge the gap between the interest rate the Soviet Union pays on credits and the market cost of the funds;

● A halt to official export insurance guarantees;

● A 90-day moratorium on all officially-backed credits; and,

● More talks within that 90 days on credits policy towards the Soviet Union.

In an effort to head off a clash on economic and foreign policy, Mr George Shultz, the former U.S. Treasury Secretary, is expected to visit European capitals on behalf of President Reagan before the Western economic summit, planned for June in Versailles.

He is expected to underline the major common interests of the members of the Western alliance, writes Jonathan Carr from Bonn.

Mr Buckley is also apparently presenting to European governments a questionnaire designed to elicit information on export credit policy and actions.

The presentation of these proposals by Mr Buckley represents a shift in the emphasis of U.S. sanctions policy towards the Soviet Union.

In December President Ronald Reagan announced a series of unilateral controls on the movement of goods and technology to the Soviet Union, including equipment for the Siberia-West Europe gas pipeline.

These controls, however, affected contracts already signed by European companies for pipeline equipment using U.S. components.

Attempts by the U.S. to implement these controls have run into sharp opposition from European governments, the most vocal of which has been West Germany. This has led the U.S. to promote the financial proposals.

Those, however, are seen by European officials as going far beyond the original purpose of the December sanctions. That was intended to signal sharp disapproval of the Soviet role in imposing martial law in Poland.

The adoption of the financial proposals would be the equivalent of waging economic war on the Soviet Union, officials said.

NEB hopes to raise over £50m from Inmos

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

The National Enterprise Board hopes to raise more than £50m from the private sector next year for Inmos, the controversial Anglo-American micro-chip company in which it has a 75 per cent stake.

Plans for selling more than 50 per cent of the company in either one or two tranches to institutional or industrial investors are being drawn up by the NEB, part of the British Technology Group, which hopes to gain approval from the Government this summer.

Disposing of shares in Inmos—which has yet to make profits—will become one of the group's major priorities once it has finalised arrangements for hiving off Nexos, its office systems subsidiary, to various companies including ICL.

Nexos has been a major problem for the NEB, which stands to lose its £30m investment in the company. This amount is likely to be written off in the NEB's next annual accounts.

The NEB is tightening control of its subsidiaries. Inmos is expected to have to make savings of £5m this year by introducing economies and re-arranging its development plans to remain within tight budgets recently approved by the NEB as part of its 1982-83 corporate plan.

It is receicing more than £90m from the Government through the NEB and in other grants and loans. Most of its current expenditure is devoted to building a factory in Newport, South Wales.

The new funds—which might come from outside the UK—would be used for two main purposes. They would reduce

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Cementation wins Oman order

BY ANDREW TAYLOR

ONE OF the largest overseas orders to be won by a single building contractor has been awarded to Cementation International, part of the Trafalgar House group. The contract is for a £215m university complex near Muscat, the capital of Oman.

The announcement has been timed to coincide with this week's State visit by the Sultan of Oman.

John Brown is expected shortly to announce a £50m contract to supply power station turbines to Oman.

The contract to Cementation is supported by a 10-year £115m export credit underwritten by the Export Credits Guarantee Department and arranged by Morgan Grenfell. The loan carries a fixed interest of 8 per cent, with repayments due to start after completion of the project in 1986.

Under the financing arrangements, British suppliers of goods and services for the Qaboos University project could gain export orders totalling more than £130m as part of the total £215m cost of the project.

Cementation, which won the design contract for the Qaboos University last September, said that the Prime Minister had shown a keen interest in the negotiations during her visit to Oman 10 months ago. It called the contract a major coup for British exporters.

The building contract provides for five faculty buildings, student residences, staff accommodation, a library, conference centre, an administration block, a mosque, a 3,000-seat amphitheatre and sport and recreation facilities.

Building is expected to start next month, with completion timed for the start of the 1986-87 academic year.

The university, 35 miles from Muscat, is the country's first. Advisers to the project included the universities of Oxford, Nottingham and Southampton.

The architects are YRM International of London. The British firm D. G. Jones and Partners has been appointed by the Omani Government as quantity surveyors and cost consultants.

In the year to last September overseas construction — related turnover of Cementation's parent, Trafalgar House, was £230m. The bulk of this work was carried out by Cementation, so the award of the Omani contract will be a significant boost to the company's order book.

Previous contracts carried out by Cementation in Oman, all in or near Muscat, include the Royal Guest House; the Ruwi Valley Hotel; and the Medinat Qaboos township. Work on these projects was completed about two years ago.

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EUROPEAN NEWS

Call for mass campaign to back Solidarity

BY CHRISTOPHER BOBINSKI IN WARSAW

THE WARSAW leader of the Solidarity union Mr Zbigniew Bujak, who has been in hiding since martial law was imposed last December, has called for a mass campaign of support for the union through petitions and letters to the Government.

His appeal follows the publication by the government committee on trade unions last month of proposals on how Poland's unions should be organised in the future. These implicitly reject Solidarity's political role, its traditional structure and most of its leadership, now interned.

Mr Bujak's call is published in Solidarity clandestine Warsaw news-sheet dated March 13. "Every member, every activist, all the surviving union authorities have a duty to demand the reinstatement of Solidarity," he says. "Signed letters should be sent to the government committee on trade unions with this demand."

He also urges people to show their support by not buying newspapers on Wednesdays and switching out the lights in their homes between 9 pm and 9.30 pm on the 13th of every month. On that day people should also stop work for a while at midday. Union members are urged to wear their badges.

In an earlier policy document, Mr Bujak rejected the Government's proposals on union structure. Support for this stance comes from a union news-sheet in Poznan in the west of the country. This says that a switch to a trade structure from the traditional regional structure for the union would "in effect paralyse it."

Meanwhile, other underground news-sheets filtering through to Warsaw from the provinces show that, despite tactical differences, all Solidarity activists reject the idea of political terrorism and any form of armed resistance to the Military authorities.

In Silesia, for example, a "temporary co-ordinating commission" warns people not to become involved in "diversionary" organisations. It says that "sabotage and terrorist actions" are provoked by the security police and serve as "a pretext for more repression."

However, in contrast to Mr Bujak's appeal, the Silesian commission tells its supporters not to take any part in any "referenda." "We've already got our union," it says.

North-west of Warsaw, in Torun, the "temporary praesidium" of the local Solidarity leadership appealed last month to students at the university there "not to adopt any open forms of protest for the time being.

The Torun underground leaders told union members that they must help the victims of repression, set up study groups and support protest actions ordered by the leadership.

They suggest, however, that a compromise must be achieved between the military authorities and the union. "It is obvious that the union's demands cannot be achieved nor can martial law continue permanently," they write in their news-sheet.

Another news-sheet in Torun, though, takes a much less conciliatory line. It reject the government offer to discuss the future of the unions. "In the present situation, the acceptance of the invitation by any Solidarity member would be a betrayal of the union and its imprisoned leadership."

Italy's anti-terrorism war leaves Right unscathed

BY OUR ROME CORRESPONDENT

TWO SEPARATE hearings, in surroundings that could not be more different, underline the contrast between the success of the Italian authorities in combatting left-wing terrorism, and their failure to unravel the mysteries of the ultra-Right.

In Verona, the trial is now underway—and with unusual promptness—of 16 members of the Red Brigades. They are charged with the kidnap of General James Lee Dozier, who was rescued from a Padua hide-out by Italian police on January 28.

In Rome, meanwhile, the two Houses of Parliament are meeting in special session to decide whether three former ministers, including two ex-Premiers, should be sent before the Constitutional Court to answer allegations that they helped cover up secret service involvement in the Milan bank bombing in December 1969.

That blast, in which 16 people died, is generally assumed to have been of right-wing origin. It is also reckoned to have marked the beginning of Italy's enduring ordeal by terrorism. But in more than 12 years, no one's guilt has ever been proved in the courts.

Arms caches

The Dozier trial, on the other hand, symbolises the inroads made against the far Left since General Dozier, a Nato officer, was taken prisoner last December 17. It also threatens to become a forum of argument over whether police have made those inroads in part thanks to the widespread use of torture against terrorist suspects.

According to Sig Francesco Spinelli, Under-Secretary at the Interior Ministry, 385 people have been arrested on terrorism charges since the Dozier kidnapping: 340 from the Red Brigades and their sister organisations, and 45 from the extreme Right. Police, moreover, have found 35 arms caches and "safe houses" in the past three months.

He also claimed that only 10 per cent of those captured had refused to co-operate with the authorities. This collaboration, he insisted, stemmed from the terrorists' own realisation that their political aims had failed.

Amid mounting controversy, however, several of those detained are maintaining—together with their defence lawyers and magistrates—that this change of heart has been helped by systematic ill-treatment and torture. This does not appear to be so, though, in the case of Antonio Savasta, leader of the group which held Gen. Dozier. He has admitted carrying out 17 killings in recent years. Evidence from Savasta has been perhaps the biggest single factor behind the police successes.

None the less, Sig Virginio Rogoni, the Interior Minister, has been forced to schedule a second parliamentary statement on the matter next week. He is expected to reject the suggestions again and to re-state the Government's commitment to full civil rights for those in custody.

For its part, the Verona court has lent indirect support to the torture claims by ruling that statements made to police by the accused when their lawyers were not present cannot be admitted as evidence.

The prosecution case even so is not considered likely to be seriously weakened, thanks to the confessions made by Savasta to magistrates investigating the Dozier case.

Sig Spinelli also confirmed that 1,500 convicted and suspect left-wing extremists were in jail, while a further 200 were being sought. The corresponding figures for right-wing terrorists were 450 and less than 90, he said.

Lockheed scandal

These statistics do little to conceal the basic inability of the authorities to get to the bottom of the most serious right-wing outrages since 1969, amid recurring suspicions of connivance (if not worse) on the part of leading politicians and the discredited former secret services.

The ex-ministers who are appearing before Parliament are Sig Mariano Rumor, a former Christian Democrat Prime Minister, Sig Mario Tanassi, a Social Democrat, former Defence Minister (already convicted in the 1976 Lockheed bribes scandal), and Sig Giulio Andreotti, Premier between 1976 and 1979.

The indications are that they will be absolved and the case closed. But the Milan bombing itself remains a mystery—as do the 1974 Brescia blast in which eight people died, and the 1980 explosion at Bologna station in which 85 people were killed.

More than 18 months after the most deadly terrorist incident in modern times in Europe, magistrates are still searching for a firm and lasting lead. And with every month that passes, their hopes grow slimmer.

Italian car design is now a world leader. **Rupert Cornwell** talks to the founder of Italdesign

Sig Giugiaro harnesses art to expertise

THE GREY AND WHITE polystyrene model on the table looks like a passenger bus shrunk to the dimensions of a car. The chassis barely clears the ground, but the vehicle seems as if it might be as tall as the traditional London taxi. "Do you realise," said Sig Giorgetti Giugiaro, his hand quickly sketching out the shape on a sheet off a nearby memo pad, "that a car like this would be as short as a Volkswagen Golf but have more room than a Mercedes 500?"

The model in question is a miniature of the "Capsula," a concept for the passenger car of the future, of which a full-scale mock-up will be on display at the Turin motor show next month. And the Capsula, one might say, encapsulates the philosophy of a man who is increasingly regarded as the leading car and industrial designer of Italy, and perhaps the world.

The names alone of Italian coachbuilders—Pininfarina, Bertone, Ghia and Zagato—convey luxury and beauty for those who can afford the best. Giugiaro on the other hand has ushered in a new era in Italian design, by harnessing more than ever before the country's instinctive genius for style to the practical, everyday needs of the mass market.

He has been responsible for his fair share of Maseratis, Ferraris and the like. But a place in motoring history is assured by his influence on the development of the ordinary family car.

Sig Giugiaro has been earning his living from industrial design since he was taken on at the age of 17 by Fiat's Centro Stile in Turin. From there he moved first to Bertone, then to Ghia, before setting up on his own in 1968. His company, Italdesign, is housed in a flat, hangar-like building at Moncalieri, a few miles south of the city. Unlike Pininfarina and Bertone, which have separate manufacturing operations, the company has concentrated exclusively on design.

The first big popular success of Sig Giugiaro and Italdesign was the Alfasud, launched back in 1971. Then came the Passat, Golf and Scirocco family for Volkswagen, which not only helped rescue West Germany's biggest motor company but heralded Sig Giugiaro's arrival as a force beyond Italy's frontiers.

More recently, Fiat has leant heavily on Italdesign for its model range. The Panda Utility is his, as is the Lancia Delta, while the eagerly awaited Tipo Uno, due to be unveiled at the end of this year as a replacement for the Fiat 127, was largely conceived by Giugiaro.

Sig Giugiaro's art lies almost in the concealment of art. "I start with basic economic considerations, what people want and need. The important thing is that what I design is practical and works. The aesthetics come later." In any case, he says, "aesthetics are something in constant development. A new design, a new fashion, starts off by being accepted by an elite, then everyone gets used to them."

The idea extends to other fields. Sig Giugiaro has designed cameras and sunglasses for Nikon, electric razors for Philips and sewing machines for Italy's Necchi concern. Italdesign is currently working on a project for the municipality of Turin, to revamp the city's amenities. If it goes through, Italy's industrial capital will have Giugiaro-designed litter-bins, traffic lights, road signs and even children's games in its parks.

But cars still account for 90 per cent of his work and that of the 200 stylists and engineers working flat out at Ital-Design. Design is one part of the car industry that has, if anything, benefitted from the sector's difficulties, as the importance of a winning idea becomes ever larger. And the Capsula is a logical development of Sig Giugiaro's work to date.

The trend, in an age of speed limits and costly oil, is towards fuel efficiency and comfort. Sig Giugiaro's fundamental idea, of making cars not necessarily longer, but taller, to improve passenger comfort and space, has a brilliant simplicity. The Panda in particular, is a step along the path away from the cramped, low-slung cars of the 1960s and 1970s.

The Capsula carries the process further. "I got the idea from looking at those tourist buses where the luggage is stowed under the passenger section. If you did the same with cars, then you could get a real increase in passenger room. Engineers are now showing that road holding can be the same, even with vehicles higher off the road."

Sig Giugiaro also points to the appeal of Britain's Range Rover, bought at considerable expense by people who mostly don't really want a cross-country vehicle but one with extra room and visibility in ordinary conditions.

The designer's life, of course, can be frustrating, not least over compromises that have to be made with the car companies, whose money it is that will be spent. Then again, says Sig Giugiaro, "the clients look at my suggestions in the context of today's models, when the design won't be on the streets for four years."

To tackle these problems, a team of mechanics and engineers work on the industrial and technical implications of a design as it evolves. The process can extend to the construction of a working prototype, costing on average L300m to L400m (£173,000) ready 18 months after the first pencil lines on a drawing board.

Nothing better underlines Sig Giugiaro's relevance to the ordinary world than his success in Japan, that temple of mass production. "If I'm independent today, that's in part thanks to them. I've been working with the Japanese since 1976." That work includes—apart from the Nikon cameras—the Isuzu Piazza car (now in production) and a design from 1977 that is faithfully reproduced in the Honda City model launched this year.

"I've never been interested in production," he says. "But if this were Japan, there'd be a factory here, too. Of course, Italy, with its individualism is stimulating. But if I ever chose anywhere else, I'd go to Japan, where I could do 10 times more. But then again, the fact it is easier there might just send me to sleep."

Sig Giugiaro at work on new designs.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

French current account slips further in red

BY DAVID HOUSEGO IN PARIS

FRANCE'S CURRENT account dipped furthgr into the red last year, reinforcing fears of continuing pressure on the balance of payments. According to Ministry of Finance figures, the current account deficit widened to FFr 40.6m (£3.69bn) from FFr 33.1bn (£3.01bn) in 1980, after two exceptional years of surplus.

For the year as a whole a marginal improvement in the trade deficit was offset by a decline in the surplus on invisibles. This picture masks the sharp worsening of the trade deficit in the second half of the year. This has continued into 1982.

Thus, on balance of payments figures, a trade gap of FFr 4.9bn (£4.45m) in the second quarter of 1981 widened to FFr 12.8bn (£1.16bn) in the third quarter and to FFr 17.4bn (£1.58bn) in the final quarter. Behind this, has been a slowing down of *food and industrial* exports and a particularly sharp rise in imports in the last quarter, in line with the recovery of the economy.

The balance of payments deficit for the year shrank, however, to FFr 48.3bn (£4.39bn) from FFr 52.3bn (£4.75bn) in 1980. The surplus on invisibles fell to FFr 7.7bn (£700m) from FFr 19.2bn (£1.74bn), largely as a result of lower oil trading receipts and reduced earnings from services tied to international trade. By the last quarter, however, it was picking up.

The deficit on the long-term capital account also widened last year to FFr 11.4bn (£1.03bn) from FFr 4.5bn (£409m) thanks to increased investment abroad in the first half and a sharp rise in portfolio funds being moved abroad during and after the election campaign.

Foreign selling of French stocks and French purchases of foreign stock resulted in the deficit on portfolio investments *rising from* FFr 6.8bn (£618m) in 1980 to FFr 17.7bn (£1.6bn) last year.

This trend reversed in the last quarter as French direct investment abroad slowed and foreign investment in France *increased by more than* FFr 1bn, passing from FFr 2.5bn (£227m) in the third quarter to FFr 3.6bn (£327m) in the last.

East bloc's debt to West rises 11%

GENEVA—Eastern Europe's net indebtedness to the West rose by 11 per cent to a record total of $80.4bn (£44.5bn) last year, according to a United Nations study. A sharply higher amount owed by the Soviet Union accounted for the bulk of the increase, it said.

Bulgaria was the only one among the seven countries surveyed which lowered its commitments, according to the figures prepared by the UN Economic Commission for Europe.

The study suggests that the substantial appreciation of the U.S. currency actually may have reduced the dollar value of East Europe's indebtedness by as much as $6bn because some countries have relatively high *percentages of debt in other* currencies, including D-Marks and Swiss francs.

Poland maintained the largest net debt at $22.4bn, compared with $22.1bn in 1980. Its convertible currency debts, in*cludes $2.6bn to other* East European countries.

The Soviet Union's debt to the West was estimated to have increased by 44 per cent from $13.5bn to $19.5bn.

The survey quotes reports *that Moscow increased its gold* sales in the West from 90 tons in 1980 to 200-300 tons last year.

It also points out that the Soviet Union appears to have run up a deficit of $2.1bn in its trade with the West and other non-Communist countries, the first since 1976.

● A steering group of nine Western creditor banks will hold a meeting in Zurich today on questions linked with Romania's 1981-82 debt rescheduling negotiations, a spokesman for the Union Bank of Switzerland said yesterday.

The meeting will not deal with reactions of other creditor banks to rescheduling proposals made earlier this month but will be devoted to procedural questions.

Union Bank, which will chair the meeting, has no information so far on reactions from other banks, he added in reply to questions.

Agencies

Gandolfi agrees to head Italian energy concern

BY JAMES BUXTON IN ROME

THE ITALIAN Government yesterday overcame an important hurdle in its efforts to resolve the problems of ENI, the state energy concern. It *finally persuaded* Sig Enrico Gandolfi to accept the position of special commissioner of the group, to replace its present chairman, Sig Alberto Grandi.

Sig Gandolfi, the 68-year-old chairman of Saipem, ENI's pipeline subsidiary, initially refused to take the job for personal reasons. These are *thought to have included* reluctance to become immersed in the political furore over the company's future.

But Sig Giovanni Spadolini, the Prime Minister, and Sig Gianni de Michelis, the Minister for State Shareholdings, have succeeded in changing his mind. Sig Spadolini is to meet Sig Grandi today.

The Government wanted his resignation to facilitate the introduction of a new system of state control of ENI, and to replace him with a Socialist. *Sig Grandi is associated with* the Christian Democrats.

EEC to continue saving energy

BY JOHN WYLES IN BRUSSELS

EUROPEAN Community Governments promised in Brussels yesterday not to relax their efforts to reduce energy consumption, in spite of a fall since the end of last year of $1.20, or about 3.5 per cent, in the average prices they are paying for a barrel of oil.

This estimate of a $33-a-barrel average cost of imported oil was given to EEC energy ministers by the European Commission. It was accompanied by a stern warning from Viscount Etienne Davignon, the Energy Commissioner, of possible dangers stemming from the reduction in oil stocks, which has recently been encouraged by falling energy prices.

Citing International Energy Agency figures, Viscount Davignon said EEC stocks on April 1 will average about 120 days' consumption at 1981 levels, or *about* the same volume as last April. But, he said, current trends suggest that stocks might fall by 10m tonnes or the equivalent of eight days' consumption by October 1. The total would then amount to 117 days' consumption, compared with the 125 days in stocks last October.

If a severe winter were to coincide with a cutback in Opec oil supplies, he warned, the Community might be facing a third oil price shock. He urged —and the Council agreed—that stocks be frozen at the obligatory level of 90 days' supply at *1980 consumption rates.*

In a joint declaration, the energy ministers re-affirmed their commitment to energy consumption targets which would lower the Ten's dependence on imported oil from 50 per cent to 40 per cent by *1990.* They observed that the 3.9 per cent drop in energy consumption last year, and the 8.3 per cent *fall in* crude oil use, reflected changes in consumption patterns, a more efficient use of energy, and the relatively low level of economic activity.

They also acknedged that any recovery in economic activity could *lead to* a resurgence of energy demand.

Ministers spent most of the day coping with a long agenda imposed on them by a welter of Commission documents analysing energy investment and consumption trends in the Community.

More specifically, they indi*cated that the Council of Ministers* might be ready soon to adopt a directive requiring the display on all household washing machines and dishwashers of the appliance's energy consumption in kilowatts per hour. For the moment, however, final dapotion is being held up by the reservations of Britain, France and Greece.

CLASH OF STEEL

Masked and helmeted, a striking Belgian steelworker aims his catapult at a line of *riot* police *during* violent clashes in Brussels yesterday. About 50 people were reported injured as 10,000 demonstrators, worried about job losses in their industry, hurled bricks, bottles and ball bearings at police who *countered with tear gas,* water cannon and baton charges. Shop and hotel windows were broken and a van and an unoccupied building set alight as the police struggled to keep the demonstrators to their agreed route.

Haughey restores instinct to Irish politics

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

IT WOULD probably be unkind to suggest that the new Irish Premier, Mr Charles Haughey, is pleased about the difficulties encountered by Mr James Prior over his plans for Northern Ireland *devolution.* Nevertheless, he is entitled to feel a certain sense of justification.

It is not so much that Mr Haughey is against such internal schemes for Ulster. In his inaugural *speech — which* may have been misinterpreted in London and Belfast — he gave a guarded welcome to moves to bring agreement between the communities.

It is more that Mr Haughey *believes that such proposals,* involving cross-community government, are inherently unworkable, given the political framework in Northern Ireland. The events of this week, especially the rejection of Mr Prior's proposals by the Official Unionist Party, are likely to confirm him in his views — views he will undoubtedly express to President Ronald Reagan when he lunches with him today (St. Patrick's Day) in the White House.

Northern Ireland is the subject on which Mr Haughey has been clearest and most consistent. On most other issues —particularly economic ones— he begins his second term of office with more unanswered questions than when he began his first, in 1979.

> As the Irish economy continues to languish in debt and the question of Northern Ireland remains as unresolved as ever, there are serious misgivings about the ability of the new Premier, Mr Charles Haughey, *to make good his promise of* recovery.

The doubters almost cer*tainly include many members* of Mr Haughey's own Fianna Fail party, who have been public witnesses to the extent to which their leader will go to ensure a parliamentary majority. On the day the new Government came to power, the left-wing independent deputy, Mr Tony Gregory, outlined to parliament the comprehensive, signed agreement *he had made* with Mr Haughey, binding the incoming government to an exceptional level of aid to Mr Gregory's inner-Dublin constituency.

The reactions were instructive. As the list of expensive commitments grew, Mr Haughey's supporters lapsed into a glum silence, while the *opposition* parties, although they had lost office, grew increasingly cheerful.

The Gregory deal was quintessential Haughey. It was a brutal exercise of personal power. There was no consultation with his party, and it showed scant regard for procedural niceties. Mr Haughey willingly agreed that Mr Gregory should nominate the chairman and five members of a new statutory body for Inner Dublin

Mr Haughey's style of politics, in short, is now well-known. But there are still two views about his overall abilities and the impact he is likely to have if he gets a reasonable term in office.

His alleged, pre-election unconcern about the country's financial position is first explained as confidence in Ireland's future, and this is contrasted with the gloomy views of Dr Garrett FitzGerald, the former Premier, which, say the Haugheyites, have damaged the country's standing abroad.

Opponents, on the other *hand, claim that Mr Haughey* is endemically short-sighted as a politician

The future direction of Irish economic policy may depend on which of these views is correct, but the record is ambiguous. *Mr Haughey started his last* term of office arguing that the country must start paying its way, and finished it, 18 months later, with the country seriously in debt but claiming that there was no financial crisis.

The beginning of the new administration also produced conflicting clues. The Gregory deal and the axing or demotion of personal opponents suggested that politics were going to come before national interests. On the other hand, Mr Haughey has not abandoned Dr FitzGerald's financial targets, and the early increase of excise duties on drink and tobacco would seem to suggest a sense of urgency.

Twice written-off as a has-been and once charged (and cleared) of involvement in Republican arms-smuggling, Mr Haughey has fought a succession of political battles. As a result, *the barriers to the outside world* appear to have grown higher, and at least one of the inner circle doubts if Mr Haughey takes anyone's counsel but his own. But as economic and Anglo-Irish difficulties grow if Mr Haughey does have what it takes, there could hardly be a better time to prove it.

OVERSEAS NEWS

China opens second offshore oil area to foreign bidding

BY TONY WALKER IN PEKING

CHINA has opened a second offshore area to bidding by foreign oil companies. The New China News Agency said yesterday that 41 companies are to be invited to indicate an interest in bidding for exploration rights in the 42,000 sq kilometres in the Yellow Sea adjacent to Hainan Island, China's southernmost point.

The first invitations to register an interest in bidding for exploration rights in China's waters were sent out last month. So far, 15 of the 46 companies to have received the invitations have indicated they intend to bid.

In the first stage, some 150,000 sq km were opened up in the Yellow Sea, the South China Sea near the mouth of the Pearl River, and in waters off Hainan. Companies notified of areas to be opened up in the second stage have until April 23 to register an interest in bidding.

The Chinese are to organise the auction of rights to explore and develop oil reserves in their waters by stages. In the first stage—the one now being undertaken—companies are invited to register an interest in bidding. In the next stage they will bid for actual exploration rights.

Exploration contracts are expected to be completed by late this year or early next year, allowing full-scale drilling to begin.

March 30 is the deadline for 46 companies to register an interest in exploring for oil in the first area released for bidding. Most interest among foreign companies is focussed on the Pearl River estuary where surveys have indicated there are large deposits of oil.

A further indication of quickening interest among foreign companies in possibilities offered by the development of China's offshore oil reserve is this week's opening of a $5m (£2.7m) petroleum industry exhibition in Peking.

The exhibition, jointly sponsored by the Society of Petroleum Engineers and the Chinese Petroleum Society, includes exhibits from many of the world's largest manufacturers of equipment for use in the petroleum industry.

Mr Clyde Barton, president of SPE — an international organisation of engineers and technicians involved in the extraction and processing of oil and gas—said yesterday the market place in China for foreign-made products in the oil industry would equal that of many areas in the world which have high potential for development.

It has been estimated it will cost some $20bn to develop China's offshore oil reserves, and Mr Barton estimates that in the early stages much of the high technology will be supplied by overseas companies.

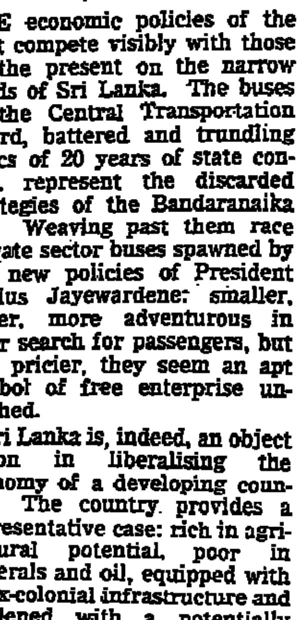
Nicholas Colchester, recently in Colombo, analyses the liberalisation of Sri Lanka's economy

IMF keeps an anxious foot hovering over the brake

THE economic policies of the past compete visibly with those of the present on the narrow roads of Sri Lanka. The buses of the Central Transportation Board, battered and trundling relics of 20 years of state control, represent the discarded strategies of the Bandaranaika era. Weaving past them race private sector buses spawned by the new policies of President Junius Jayewardene: smaller, faster, more adventurous in their search for passengers, but also pricier, they seem an apt symbol of free enterprise unleashed.

Sri Lanka is, indeed, an object lesson in liberalising the economy of a developing country. The country provides a representative case: rich in agricultural potential, poor in minerals and oil, equipped with an ex-colonial infrastructure and burdened with a potentially explosive ex-colonial racial problem. The island has also experienced the benefits and discomforts of indebtedness to the International Monetary Fund.

Above all, Sri Lanka is interesting as a test case because of the clearcut way in which the Jayewardene Government changed economic course when it came to power in 1977. It discarded many years of introversion, state control and public sector domination, and substituting acceptance of private and foreign investment, reductions in subsidies, a floating of the currency, but also grandiose public development projects financed via a more spendthrift attitude to public and international debt.



Under President Jayewardene (left), Sri Lanka has launched itself into an era of more liberal economics, higher growth and higher indebtedness. The tea plantation tended by the women above is part of the country's economic backbone.

The vital statistics of the economy responded in the following manner: In the four years 1978-81 real growth in the Sri Lankan GDP averaged 6.5 per cent, slowing gradually to 5.8 per cent in 1981. This compared with growth averaging 3.6 per cent per annum in the years 1970-77. An unemployment rate of 13 per cent is now claimed by the Finance Ministry, compared with 20 per cent when the Government came to power.

On the other hand the rate of inflation surged sharply, reaching 26 per cent, according to the official consumer price index, in 1980 before dropping to some 18 per cent in 1981. This compared with an average rate of 5.7 per cent in the years 1970-77. Unpublished prices indices suggest a much higher actual rate of inflation—perhaps 25 per cent in 1981.

At the same time Sri Lanka's current account deficit deteriorated sharply. It was equivalent to over 19 per cent of GDP in 1980, improving to 15 per cent in 1981. In the mid-1970s Sri Lanka's current account was essentially in balance. As a result Sri Lanka's external debt has risen fast to over Rp 29bn (U.S.$1.19bn) by the end of last year. The cumulative debt burden nevertheless remains relatively low by the standards of most developing countries.

These broad "before and after" figures suggest an over-ambitious dash for growth during a period when the second oil shock and falling commodity prices were making development an uphill struggle for the whole of the third world.

They also reveal the impact of the corrective action imposed by the IMF. The Fund suspended its lending to Sri Lanka in July 1980 and insisted on a clamp-down on public expenditure in 1981.

Nineteen eighty-two has opened with Government officials friendly towards the IMF and ready to admit that public spending had run out of control during 1980. Both the IMF and World Bank are pleased with the way control was restored in 1981 — the Government deficit dropped from 22 per cent of GDP to 14.5 per cent—but are looking askance at the budget for 1982 which predicts a fresh upturn in Government borrowing to some 17 per cent of expected GDP. Even that appears optimistic.

There were two paradoxes in what President Jayewardene calls his bloodless revolution. The first was the way in which a decision to "privatise" the economy led to such a rapid increase in public spending, an increase which, in fact, deprived the private sector of resources just when it was being allowed to re-establish itself.

In the initial euphoria the ministries in Colombo outdid one another in grandiose investment projects and were not sufficiently reined in by a co-ordinating authority. Government investment reached one-fifth of GDP in 1980.

Some of these projects promised intangible returns—urban housing projects, for instance, or the new parliamentary complex at Kotte. Both appeared to be putting the icing before the cake.

Others made more long term economic sense. The giant Mahaweli project, involving four dams and the resettlement of 140,000 families, should ultimately make a great contribution to the economy in the form of energy and irrigation. But it is now clear that too much was attempted too quickly and that the available aid was spread too thinly. The quadrupling of the cost estimates to $2.5bn has left the Government financially exposed.

The other paradox is that privatisation was not applied to the motor of the economy—the tea and rubber sectors, which together account for half of Sri Lanka's exports. The policy of land reform and nationalisation pursued by the previous regime had clearly run these two sectors down: tea output was stagnating at 210m kg per year in the mid-1970s compared with 240m kg in the mid-1960s.

Rubber production remained static throughout the 1970s at about 140m kg. Yet after four years of the new regime tea production in 1981 was still 210m kg while belated replanting resulted in a rubber crop last year of only 120m kg.

Meanwhile in the rice sector, which is admittedly much easier to turn round, a liberalisation of the market has had a notably beneficial effect. The new mobility of fertiliser and access to good seed strains means that the rice crop will probably be 110m-115m bushels in 1982. In 1977 a crop of 80m bushels was considered an all-time record.

With his position bolstered by a shift to proportional representation, by disarray in the opposition and by the undoubted sense of liveliness that his policies have injected into the economy, President Jayewardene has a solid chance of continuing with his revolution into the late 1980s.

But the momentum already established will take some controlling and suggests that the IMF's foot will stay hovering anxiously over the brake.

India plans policy switch to boost output

BY K. K. SHARMA IN NEW DELHI

THE Indian Government is expected soon to announce major policy changes which it hopes will boost industrial output by at least 10 per cent in 1982-83, after growth of 8 per cent in 1981-82.

The National Development Council, the country's supreme economic decision-maker, agreed at a meeting last weekend that it was essential to remove all obstacles to increased investment and production "including any Government policies, rules and procedures which come in the way of full utilisation of existing capacities."

The Ministry of Industry is working on measures which are thought to include amendments to the Monopolies and Restrictive Trade Practices Act which curbs expansion of the so-called "large industrial monopoly houses." They are now expected to be encouraged to invest in what are considered key industrial sectors.

This is to be accompanied by changes in pricing policies to enable manufacturing companies to secure reasonable returns from their investments. At present, formal and informal price controls have inhibited fresh investment.

A recent example is the introduction of a dual pricing policy for the cement industry which is now required to sell part of its production at low, fixed prices to approved categories of users and the remainder at market prices. It is expected that such a policy will be extended.

The Ministry is also working on specific schemes and institutional structures to encourage investment from expatriate Indians and the flow of foreign technology into the country.

It is possible, but not certain, that the liberalisation will affect foreign investors, who already occupy the same category as the "large industrial monopoly houses."

Higher industrial production is needed both to ensure continued economic growth (because a plateau seems to have been reached in agriculture) as well as to reduce trade deficit, which is expected to rise above Rs55bn (£3.2bn) for the second successive year.

Reuter reports: Mr Dimitry Ustinov, the Soviet Defence Minister, flew to Bombay to inspect a large Indian naval base yesterday after assuring New Delhi that Moscow will continue to assist it in defence matters.

Israel and Egypt back away from border row

BY DAVID LENNON IN TEL AVIV

ISRAEL AND EGYPT yesterday backed away from confrontation in the border dispute at Taba on the Red Sea, which had threatened to hold up the final Israeli withdrawal from Sinai next month. They also reduced tension surrounding a suspended visit to Israel by Mr Hosni Mubarak, the Egyptian President, by anouncing that the trip will take place, though no date has yet been set.

The air of good will was engendered by a determinedly optimistic Egyptian delegation headed by Mr Kamal Hassan Ali, the deputy Premier and Foreign Minister, which is in Israel for talks on the final arrangements for the return of Eastern Sinai to Egypt on April 26.

On the disagreement over the exact demarcation of the international border between the two countries after April 26, Mr Ariel Sharon, the Israeli Defence Minister, said: "The border dispute is going to be solved." He made this announcement after a meeting in Jerusalem between Mr Hassan Ali and Mr Begin.

South Africa troops wipe out Angola Swapo base

MARIENFLUSS BASE, Namibia — South African troops have wiped out a major guerrilla staging post during a cross-border operation in a desolate mountain area of south-western Angola, officers commanding the raid claimed yesterday.

The officers said a unit of 45 mainly black soldiers killed 201 South West African People's Organisation (Swapo) guerrillas during an attack lasting seven and a-half hours on Saturday, suffering three losses of their own. They recovered large caches of food and arms, they added.

South African troops still held the rocky Cambeno Valley, 14 miles inside Angola, as the South African authorites ferried in a small group of journalists and officers by helicopter.

The officers said the area would be held probably until the end of the week while the supplies uncovered in the operation were ferried out.

One white officer at the camp site, his face still blackened and his camouflage uniform torn from the fighting, said they had caught the guerrillas by surprise. Reuter.

ENERGY REVIEW

World glut throws Egypt's oil policy into confusion

By Anthony McDermott in Cairo

EGYPT HAS suffered as much as other oil exporting countries as a result of its income falling as prices decline because of the world oil glut. But for the next decade or so Egypt can look forward — the world market permitting — to a gradual increase in its oil production capacity.

Until recently it was producing about 670,000 barrels a day of which 200,000 b/d were available for export after local consumption and foreign oil companies had taken their contractual share.

The late President Sadat characteristically used to talk of production levels of 1m barrels a day by 1980 but more as a prestige rather than realistic target.

However as Egypt's earnings rose (the first net exports were in 1976 and worth $380m) this 1m barrels a day conveniently became $1bn of annual income, now a figure long since surpassed.

But Mr Izzeddin Hilal, the Deputy Premier responsible for energy was probably not exaggerating when at a conference on natural gas and economic development in Cairo last month he forecast that the 1m b/d production level could be reached in 1984-85.

Income however has fallen drastically. In 1980-81 when production averaged about 640,000 b/d it amounted to $2.76bn. For 1981-82 the initial forecasts were $3bn. Egypt's peak asking price for its Morgan light crude of 32.7 degrees API was $47.50 per barrel at the beginning of 1981, but the first of each month this year has seen a $1 fall: it is priced this month at $32 per barrel. Mr Ali Nigm the Deputy Governor of the Central Bank of Egypt told the Financial Times recently that oil income is now expected to total $2.3bn — a considerable drop which must have dire consequences for an economy whose problems the new President, Mr Hosni Mobarak — to his credit — has not hesitated to publicise.

ENERGY SOURCES IN EGYPT 1980-2000

	1980	1990	2000
Total demand (m tonnes oil equivalent)	15.5	37	68
Percent hydro	45	20	15
Percent gas and oil	55	60	40
Percent nuclear	—	20	40
Percent renewables	—	—	5

Note: Assumes 8% a year economic growth.

At the same time Egypt is moving to encourage the exploitation of its gas resources by introducing a gas clause in its oil contracts. If this were propery executed, this departure could eventually help lessen the dependence on oil as the primary source of energy.

For the fact is that, as the accompanying tables show, with the population growing at over 3 per cent a year, and local energy consumption at between 12 and 15 per cent, Egypt is going to have to change radically the emphasis of its energy dependance away from oil and gas to cope with demands projected for the year 2000.

For example, if the economy were to grow by the theoretical and somewhat fanciful rate of 15 per cent a year by AD 2000 280m tonnes of oil equivalent a year (5.6bn b/d) would be required. Even the 8 per cent used by government estimates would need 68m tonnes of oil equivalent a year (1.4m b/d)—and unless oil finds almost on the scale of the Saudi Ghawar field were made this too is beyond possibility.

There are other limitations. The potential of solar energy is still at this stage not very extensive. Hydro power, even allowing for the development of the Qattara Depression project in the Western Desert being carried out — and it is under reconsideration again — can only be marginally enhanced. This Western Desert project would involve the spectacular filling of a below-sea-level reservoir with water from the Mediterranean to generate electricity.

Egypt has as a result to tip the balance towards nuclear power. Thus the hope is by the end of the century 40 per cent of Egypt's power will be derived from that source and oil will be required to provide about a similar quantity, ie 550,000 b/d, which is a credible figure given the expected life of Egypt's fields.

Mr Hilal takes comfort from the fact that since the beginning of 1980 there have been about 25 oil finds and three gas finds. In the past there has often been some confusion when these finds are announced as to whether they represent the delineation of existing fields or genuine new discoveries. But Amoco, which with the Egyptian General Petroleum Corporation (EGPC) form GUPCO the major producer in the Gulf of Suez (which provides about 70 per cent of Egypt's oil and has a success ratio of one in five wells drilled) regards at least the majority of these announced finds as "commercial."

In fact Egypt for the last few years has been discovering more oil than it has been using and this is encouraging. Proven oil reserves are estimated currently at 4.2bn barrels which would last at 670,000 b/d production rates for nearly 18 years unless more oil is found.

More interesting has been the fact that finds have been made outside the Gulf of Suez. There, one at Gemsa Bay close to the Red Sea has encouragingly large reservoirs. Its production levels could be about 100,000 b/d in the next year or two. It is being developed by a joint venture known as the Suez Oil Company (SUCO) composed of BP, Royal Dutch Shell, Deminex and EGPC.

South east of SUCO's find Mobil has made another encouraging discovery in the Red Sea offshore from Hurghada. Off the north coast of Sinai, ENI has made a discovery of oil in a new area. And in the Western Desert, Shell Winning has made a discovery which arouses long standing hopes that Libya's prolific fields could in fact stretch across into Egypt.

The centrepiece of Egypt's long term strategy is now nuclear power

But there is little doubt at present that Egypt's oil policy is in some confusion. There are budgetary pressures because all Egypt's other main hard currency earners such as tourism, the Suez Canal and workers' remittances have either slumped, or just held steady. The pressure is on the state-owned EGPC to come up with as much income as possible.

The original $3bn target has been shaved down to $2.5bn which is conceivably attainable. But some pessimists have been forecasting an exportable surplus of nearly 160,000 b/d (of which Israel would take one quarter). On the basis of a year-round price of only $30 a barrel this might bring in only $1.75bn. Indeed the average production level for February was well down. This was caused by Egypt not being able to sell its oil and because its storage tanks were full. GUPCO on occasions was producing only 150,000 b/d, against a sustainable level of 525,000 b/d).

At present the bulk of Egypt's associated gas is flared off, and non-associated gas is produced from three main fields. The first is Abumadi in the Delta, the second at Abu Kir offshore from the Delta, and the third at Abu Gharadiq near the Qattara depression in the Western Desert. Each of them produce about 100m cu-ft per day.

Somewhat late in the day, EGPC has evolved a gas policy to be absorbed into petroleum contracts in the form of specific clauses to persuade foreign companies to regard gas as at least as potentially valuable an asset as oil for themselves and Egypt.

At present, although the three main gas fields are providing energy for some power plants, fertiliser, cement and steelworks both in the Delta and in the Cairo area, and with some limited domestic use, far too many factories and power plants are being fuelled by oil. This is a direct drain on resources compounded by the fact that domestic energy sources are subsidised by the Government to the tune of about E£3bn (£2bn) a year.

The gas clause which has been signed by several foreign companies stipulates in particular three features. The first is that a gas exporting project is only to be allowed after a National Gas Reserve of 12 trillion (million million) cubic feet has been established. Until that level is reached the first claim to any gas goes to domestic use rather than exports.

ELECTRICITY GENERATION

	1975	1980	1985	1990	2000
Capacity (MW)	3,780	4,500	7,000	10,000	22,000
Generation (bn KWH)	9.8	18.5	32	52	101
Per capita consumption (KWH)	205	450	700	1,000	1,400

Marcello Collitti the vice-chairman of AGIP caused a considerable stir at the recent gas conference by suggesting that gas reserves were already in the region of 9 trillion cubic feet rather than the 5.5 trillion cubic feet or so claimed by the Government. A series of officials got up and attempted to refute his figures and maintained that the 12 trillion ceiling is unlikely to be reached before the end of the decade.

But the point is that Egypt is some distance away from exporting gas not just because of the National Gas Reserves but also because of the capital costs involved in developing export facilities and finding markets abroad. To some extent a second element in the gas clauses will ease this by permitting companies to pool their gas reserves in order to supply the export project. A third point is that the operator is entitled to appropriate compensation for any gas contributed to the National Gas Reserve and it is permitted to companies which have relinquished concessions in which they did not originally develop gas because of lack of incentives specifically to develop that gas.

At the same time, Egypt is undertaking the development of a gas distribution grid stretching from the Western Desert where non-associated gas is being gathered, to the southern part of the Gulf of Suez.

The centrepiece of Egypt's long term strategy is now nuclear power. The non-proliferation treaty was ratified by the People's Assembly in February 1981. This opened the way to a series of nuclear bilateral co-operation agreements with the U.S., France and West Germany from which Egypt intends at first to buy six of its eight power plants. These eight with a total capacity of about 9,600 MW are to be located along the Mediterranean and the Red Sea.

It is hoped that they will be providing about 20 per cent of Egypt's energy requirements by the end of the decade and double that by the end of the century. The contract for the designs of the first two reactors is expected to be awarded by the end of this year, and a further two by the end of next. In addition, Egypt has signed nuclear technical training agreements with Canada and Britain.

Reagan claims credit for oil price fall

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT REAGAN, in the third fighting speech of his whistle-stop tour of conservative southern states, yesterday told Oklahoma legislators that national security was more important than the size of the budget deficit and claimed credit for the world oil glut and fall in oil prices.

He said that the economic boom in oil-producing states like Oklahoma was the result of free-market energy policies, which resulted in higher oil production, greater conservation and lower consumer prices.

Oil price decontrol, instituted soon after the President's election, had "unleashed the competitive powers of the market place" and had benefitted producers and consumers alike, Mr Reagan said.

There was no reference in the speech to the decontrol of natural gas, which Mr Reagan also promised in his election campaign, but has postponed until after this year's congressional elections at least.

Referring to his battle with Congress over the budget, Mr Reagan declared that "bringing down the federal deficit cannot take priority over the defence of the U.S."

Alternative budget proposals being discussed in Congress depend heavily on cuts in military spending plans to reduce the deficit and some officials have indicated that a modest cutback in military spending might be inevitable. It has never been clear, however, whether they have been speaking with the President's authority or not.

The President's reception in his tour of Alabama, Tennessee and Oklahoma this week has been less enthusiastic than the hero's welcome which he received in conservative parts of the country last year. In Oklahoma, there were demonstrations outside the hotel ballroom where he attended a Republican fund-raising dinner on Monday. Guests paid $1,000 a head to spend 40 minutes with the President. The function raised sufficient funds to wipe out the Oklahoma Republican Party's debt of $100,000.

State Democrats organised a protest reception for the poor and unemployed, at which guests paid 1,000 cents each for beer.

The Defence Department plans to start production of a stealth fighter-bomber this year although two of three prototypes crashed during flight tests, Reuter reports from Washington, quoting the Army Times, an independent publication. President Reagan announced on October 2 that a stealth intercontinental bomber would be developed, but there has been no previous mention of a fighter-bomber. The Army Times said the new version would be built by Lockheed. In a separate report, the New York Times said Mr Richard Delauer, Defence Under Secretary, had told the Senate Armed Services Committee that the stealth would be ready to go into operation in 1991.

Brasilia questions World Bank aid strategy

BY ANDREW WHITLEY, RECENTLY IN FORTALEZA, NORTH EAST BRAZIL

BRAZIL and the World Bank are heading for a clash over how best to promote rural development, particularly in the poor North East and North West of the country.

The differing views are understood to have been aired last week in Brasilia during meetings Mr A. W. "Tom" Clausen, the World Bank president, held with government ministers. The eventual outcome will be of considerable importance for tens of millions of subsistence farmers, who are typical recipients of the type of non-industrial aid in which the UN-linked World Bank specialises.

Promoting agricultural and rural development in Brazil was at the top of the five priorities Mr Clausen laid down on behalf of the World Bank at a news conference here last Wednesday. Together with exports, agriculture is also the Government's declared priority.

However, government officials in Brasilia have now come to the conclusion that they no longer favour the fashionable "integrated" approach to rural development, whereby a designated region is simultaneously bombarded with agricultural technology, better seeds, roads, education, water and sewage supplies.

"As many as seven federal ministeries and agencies are often involved in the PDRI (rural integrated) projects in the North East," Sr José Botafogo, a senior planning official, said recently. "It doesn't work."

The World Bank, on the other hand, continues to defend what it feels has been a time-tested approach. "Experience shows that it is useful to have a single, cylindrical approach to development," Mr Clausen said, fresh from a visit to one such project in the Ibiapaba region of Ceara state, in the North East of Brazil.

"It's no use boosting crop output several-fold if these cannot be got to the market place," he said. The newly appointed bank president—who had not been expected to favour the great emphasis placed by his predecessor, Mr Robert McNamara, on aiding the poor—said the integrated projects in Brazil had made real progress.

In the current fiscal year, to the end of June, the World Bank has allocated $175m in soft loans to agricultural projects in Brazil. Next year, this will jump by over 30 per cent, to $230m.

According to Mr Clausen, the bank is currently aiding eight rural development projects in six north eastern states, with total lending to date of $250m. Usually the World Bank lends a third of the funds required, with the remainder being shared equally between the state and federal governments.

The sticking point has often been the local state's inability to raise its share — a failing which, not surprisingly, has been one of the causes of Brasilia's dissatisfaction with integrated projects. State governments, such as that in Ceara, continue, on the other hand, strongly to favour this approach, which serves to improve the lot of their poor

In Ceara, the World Bank is currently involved in two PDRI's and is expanding the scope of its work. Sr Luiz Gonzago da Fonseca Motta, in charge of the Ceara project, said that over the five years to 1984 the World Bank would be putting $102m in programmes aimed at broadening the region's economic potential and adapting farming to Ceara's limited water supplies by encouraging new irrigation methods and developing new crop strains. The Federal Government will put up $56m and the state a mere $4.5m.

Ceara's dreams may have to be modified if Brasilia's changed views on the virtues of integrated projects become accepted policy, as it is likely to be the case. The Government's attitude stems from several related considerations which are unlikely to disappear in the near future:

- Cost: "There are many projects into which we are paying commitment fees (to the World Bank and the Inter-american Development Bank) for funds which we cannot draw because of the delays in getting everyone's consent" said a Planning Ministry official.
- Funding: The problem of defining the counterpart funds to be raised by the state and federal governments has meant that many rural projects originate with the state concerned only for the state to plead poverty when they are finally approved.
- Bureaucracy: The duplication of authority touches a sensitive nerve in a Brazilian Government which boasts, and needs, a Minister for De-bureaucratisation. In the PDRI's of the north-east it is common to find representatives of five sectoral ministries plus the Finance Ministery and the regional development authority.
- Nationalism: The close involvement of foreign advisors on the ground over a period of several years is regarded as unhealthy by some Brazilian officials.

Figueiredo appeals for popular support over heads of opposition

BY OUR RIO DE JANEIRO CORRESPONDENT

PRESIDENT Joao Figueiredo has launched an appeal for popular support over the heads of opposition politicians. He also called for a new campaign against pornography

Speaking on the occasion of his third anniversary in office — halfway through a six-year term — Gen Figueiredo expressed the hope that Brazilians would not deny him support in his "gigantic task" of returning the country to democracy.

Later, in a nationwide address on radio and television, the President called for a "moral crusade" against permissiveness. The relaxation of Press, cinema and theatre censorship over the past two years had a considerable impact on all sectors of Brazilian society.

Gen Figueiredo re-affirmed his intention to establish a "liberal democracy based on free enterprise" by the end of his term, in early 1985. He also spoke in general terms of the need for "social democracy," in which reforms aimed at improving the quality of life would be implemented.

While Brazil has undoubtedly made considerable strides in all spheres since the military takeover in 1964, the standard of living of these at the bottom end of society has shown little improvement in real terms. Unemployment in the big urban centres has risen steadily since 1980.

During ceremonies in Brasilia on Monday to mark the anniversary, the former cavalry officer, who has taken up the Government's liberalisation programme with vigour, showed his sensitivity to opposition criticism.

"I am persuaded that the people, more rational and less wary than my detractors, will extend the hand to me that my critics refuse," he said.

Recovery 'endangered by high interest rates'

BY DAVID LASCELLES IN NEW YORK

DR HENRY KAUFMAN, chief economist at Salomon Brothers, said yesterday that any economic recovery in the U.S. this year would almost certainly be cut off by high and volatile interest rates.

In evidence to the House of Representatives' Budget Committee, Dr Kaufman blamed the precariousness of the economy on record high Government deficits and shortcomings in the Federal Reserve's conduct of monetary policy. Confidence in the Government's ability to balance its budget had been shattered, he said, and the Treasury's huge borrowing needs in the period ahead would drain funds from the hard-pressed private sector.

Dr Kaufman also attacked the monetarist course being pursued by the Fed for adding to interest rate volatility and making it harder for the credit system to reliquefy itself at the bottom of the business cycle.

He made several proposals to tackle the budget problem and improve the handling of monetary policy, among them: Reductions or delays in the Administrations' proposed income tax cuts; cancellation of cost of living adjustments in social payments; abandonment of monetary targeting by the Fed and the substitution of a target for total debt; greater controls on banks and the commercial paper market to rein in the growth of short-term debt.

Managua junta declares state of emergency

MANAGUA—Nicaragua's left-wing junta, accusing the U.S. of backing sabotage attacks in neighbouring El Salvador, has declared a 30-day state of emergency.

The junta issued a decree late on Monday suspending constitutional rights and guarantees throughout the country. The clampdown was proclaimed as left-wing guerrillas in El Salvador attacked several targets in and around the capital San Salvador before being repulsed.

In Costa Rica, the security forces announced the discovery of a huge cache of arms which they said were destined for the guerrillas in El Salvador. A senior official said the weapons had an estimated value of $2.5m (£1.38m).

In New York, Mr Alexander Haig, the U.S. Secretary of State unveiled proposals aimed at improving relations with Managua. He also renewed charges that the Soviet Union and Cuba controlled the Salvador guerrillas and provided them with arms in a campaign to overthrow the Salvadorean Government, which the U.S. supports.

Commander Daniel Ortega, coordinator of Nicaragua's ruling junta, said in a nationwide broadcast that the state of emergency declaration, renewable after 30 days, was being made to save the revolution. He was speaking after two important bridges were blown up in the North of the country on Sunday night.

Earlier a Nicaraguan communique said counter-revolutionary elements under orders from the U.S. Central Intelligence Agency were behind the sabotage.

In El Salvador, military officials said the latest show of strength by the guerrillas was an attempt to wreck elections scheduled for March 28, adding that more attacks could be expected.

In Bonn opposition deputies demanded yesterday that West German economic aid to Nicaragua should continue only after proof that the country was building democracy and not meddling in the affairs of neighbouring states.

Agencies.

Third World rejects U.S. seabed mining demands

BY DAVID TONGE

Developing countries yesterday rejected U.S. demands for over 230 changes in the proposed Law of the Sea treaty, opening the way for a major showdown at the United Nations conference which resumed in New York last week.

Sr Alvaro de Soto, chairman of the Third World group at the conference, rejected outright the U.S. demands. The Third World argues it has already made many concessions in agreeing to the present draft of the intended treaty. Sr de Soto said yesterday that the conference would go ahead without the U.S. and a convention signed in September.

Industrialised countries like Britain insist that any treaty without the U.S. would be gravely defective.

Von Bulow found guilty

BY PAUL BETTS IN NEW YORK

CLAUS VON BULOW, 55-year-old Danish businessman, was found guilty by a jury at Newport, Rhode Island, yesterday of twice attempting to murder his wife, the heiress to a $35m fortune.

After six days of deliberation, the jury announced ints verdict to a packed court.

Mr Von Bulow, who worked for the oil billionaire, J. Paul Getty, was accused of attempting to murder his wife, Martha Sharp "Sunny" Crawford, with injections of insulin.

Mrs Von Bulow fell into a coma on the night of December 20, 1980, at her Newport estate. She has been in a comatose state ever since. She suffered a similar coma in December the previous year but recovered.

Mr Von Bulow, who showed no emotion when the verdict was returned, was freed on bail of $100,000 until sentencing on April 2. He faces a maximum prison sentence of 20 years on each attempted murder count.

WORLD TRADE NEWS

Pressure is building up for Japan to liberalise farm imports, **Richard Hanson** writes

Tokyo reluctant to bite the bullet

THE LIBERALISATION of Japan's restrictive agricultural imports policy is now emerging as a major bone of contention in the country's continuing trade dispute with the U.S.

The issue figured prominently in talks in Washington between U.S. officials and Mr Masumi Esaki, the former Japanese International Trade and Industry Minister, who was heading a mission of Liberal Democratic Party Deputies, and who is in Europe this week explaining his country's trade policies to EEC countries.

The agricultural matter also was a key agenda item at talks in Tokyo last week between Mr David MacDonald, the deputy U.S. trade representative, and senior Japanese Foreign Ministry officials, and is expected to figure in further U.S.-Japanese trade talks in Washington this week.

The American pressures have induced Japan to bring forward by six months talks on beef and citrus import quotas (which expire in 1983) and to agree to the establishment of a working group to discuss other items from next month onwards.

These concessions, however, do not mean that peace is about to break out between Japan and the U.S. on the agriculture front.

The two countries remain fundamentally opposed with the U.S. demanding that Japan buy U.S. products because they are cheaper and Japan claiming the right to protect and preserve an agriculture system that has been coming progressively to pieces since the early 1950s.

What went wrong with Japanese agriculture from the 1950s onwards was that it became part of the colossal price the country paid for industrialisation.

The explosion of factory output in the cities — and the huge increase in demand for industrial workers — drew tens of millions of workers off the land and reduced the farm and fishing labour force from 30 per cent to 10 per cent of Japan's employed population in the space of two decades.

Political power, however, remained in the rural constituencies which provide the power base of the ruling Liberal Democratic Party.

In the 1950s, on the strictest criteria for calculating food self-sufficiency, Japan had been producing more than 80 per cent of its food from its own farms. By 1970 the ratio had dropped to 50 per cent, and by 1978 it fell to what appears to have been an all-time low of 42 per cent.

The high level of Japan's food imports has made this the second largest item (after energy) in Japan's import bill. It has also turned Japan into the largest purchaser of American farm products. About $6bn worth of U.S. agricultural produce, or roughly 15 per cent of total U.S. food exports, went to Japan in 1981.

The fact that Japan buys a lot of food from America, however, tends to be overlooked in the frustration Americans feel at the fact it does not buy far more. This is what Japan should, and would, be doing, the U.S. argues, if what is left of Japanese domestic agriculture were not protected by an illogical and costly subsidy system.

An example of waste and muddle in Japanese agriculture is the rice subsidy scheme.

Subsidising the domestic rice crop (by paying the farmers a price that was between three and five times the world market price) cost the Government Y652bn (£1.5bn) in its 1981 budget and was second only to the spectacular deficit of Japan National Railways in preventing the national treasury from paying its way.

The irony of the system is that the subsidies were paid for a crop which fewer and fewer Japanese people want to eat. Rice consumption on a per capita basis has fallen steadily since 1962 although bread has still a long way to go to catch up.

The combination of excess production resulting from the Government's subsidy scheme and declining consumption explains why Japan is stuck today with a costly 4m tons rice stockpile (equivalent to nearly half annual production of around 10m tonnes).

One of the ironies of the rice surplus problem is that the Government does not only spend heavily on supporting the crop. Last year it also paid out Y342bn (£788m) to persuade farmers to grow something else.

The "something else" in many instances, included products which Japan could have imported at lower prices from the U.S. or which, while not necessarily available abroad, were considered vulnerable to competition from alternative items.

The classic case of diversification out of rice leading to increased protectionism against American farm products is the celebrated (or notorious) Mikan —a small Japanese tangerine which has been seen by the Ministry of Agriculture as vulnerable to competition from such fruits as bananas, grapefruit and oranges. Imports of the first two items were liberalised in the 1970s but oranges remain one of the most critical issues in the current round of U.S.-Japan trade frictions.

Beef is another product which, as a result of a costly price support system maintained by the Ministry of Agriculture, has become a major bone of contention with the U.S.

What the Ministry does not, apparently, want to do is reduce the prices of high cost foods, increase imports, or lower the burden of support prices.

The Ministry's strongest argument against making any significant concession to U.S. demands is that nothing can change without risking a meltdown of the entire ball of wax that Japan's agricultural system has become.

MR YOSHIO Sakurauchi, Japanese Foreign Minister, arrives in the U.S. this week to discuss bilateral relations and try to ease trade friction between the two countries. Japanese Government officials said the visit to Washington on March 20 is an attempt "to forge a new political climate."

Meanwhile, Canada and Japan opened four days of trade talks in Tokyo yesterday with Canada calling for restraints on Japan's auto exports "no less favourable than what the Americans are discussing," a Canadian official said.
Agencies

Malaysia seeks Dutch aid on tariffs

KUALA LUMPUR — The Malaysian Government yesterday formally requested Dutch help in persuading the European Economic Community to remove tariffs on its exports of crude and refined palm oil.

The request was conveyed by Mr Paul Leong Khee Seong, the Primary Industries Minister, in a meeting with Mr W. Dik, the Dutch Economics Minister, who is accompanying Prime Minister Andries van Agt on a three-day visit to Malaysia.

In view of the fact that palm oil from Africa, soya bean oil from the U.S. and fish oil from Peru are imported duty free into the EEC, Mr Seong said, he thought preference also should be given to Malaysian crude and refined palm oil.

He also urged the Netherlands to forestall any moves by the 10-nation Community to raise the present 4 and 12 per cent duties on crude palm oil and refined palm oil, respectively.

Last year, Malaysian output of palm oil was 2.86m tonnes, but this is expected to increase to 4m tonnes in 1985.

Wong Sulong adds: Mr van Agt, told a news conference that in talks with Dr Mahathir, the Malaysian Prime Minister, he expressed reservations over Malaysia's initiative to form a tin producers' association.
Agencies

Esaki pledges better EEC trade relations

BY GILES MERRITT IN BRUSSELS

THE LEADER of a high-ranking mission of Japanese politicians and officials emphasised yesterday that Japan is increasingly aware of the international political tensions resulting from its industrial export success, and warned against the possibility of protectionist pressures recreating the conditions of the 1930s.

Mr Masumi Esaki, leader of the Special Committee for International Economic Measures delegation made-up of members of Japan's ruling Liberal Democratic Party, made it clear following talks with senior European Commission officials that Japan, therefore, plans to accelerate its technical and commercial co-operation efforts with the EEC.

But at the same time, Herr Wilhelm Haferkamp, the EEC External Affairs Commissioner, made it plain from the Commission's side that, failing a significant improvement in the EEC's trade imbalance with Japan, it may no longer be possible to avert protectionist action being taken by individual member states.

Herr Haferkamp said such curbs would doubtless be in violation of EEC rules and a breach of Community law, and would, therefore, result in the offending member state being taken by Brussels before the European Court of Justice in Luxembourg. But the damage would nevertheless have been done, he warned.

The purpose of the Japanese mission, which has come to Brussels from Washington, is to underline the importance of the 67 measures adopted earlier this year to open the Japanese market to imports. Mr Esaki indicated that liberalisations on a further nine products can be expected by the end of this month, and stressed that European exporters facing technical difficulties should not hesitate to contact Japan's new Office of Trade Ombudsman (OTO).

The Japanese delegation is, nevertheless, understood to have told European Commission officials that further substantial measures that would help redress the Japanese trade surplus with the EEC last year of some $15bn cannot be expected.

UK industry exports on declining trend

By PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE TONNAGE of UK exports from key industrial sectors declined appreciably through 1979 to 1981, according to statistics compiled by Freight Information Services.*

The decline in industrial exports contrasts with, in some cases, the dramatic rise of raw material and petroleum exports. The trends have been masked by the high current account surplus, recently estimated at £6bn for 1981.

At the same time, the figures provide a sobering backdrop to recent official statements drawing attention to the surge in capital goods contracts which comprise less than 10 per cent of the total UK export mix.

The use of tonnage to measure export performance strips out the inflationary factor present in considering them by value only. But the year-by-year figures disguise the recovery which seemed to be taking place in the last quarter of 1981.

For all that, the market expectations for the engineering industry, as an example, are patchy. While the oil producing economies have been importing at a high level, countries in the Organisation for Economic Co-operation and Development remain gripped by recession.

The Freight Information Services figures suggest that gains in export tonnage have been achieved mainly for bulk commodities where demand can react quickly in the face of transitory factors like currency fluctuations.

* *Export/Import Tonnages 1981; Freight Information Services, Southport; £35.*

	Exports Tonnes 1979	1980	1981*
Cereals	1,431,521	3,140,273	5,743,559
Crude fertilisers and minerals	11,459,302	11,411,285	7,622,738
Metal ores and scrap	1,554,074	3,055,512	3,620,781
Petroleum	52,591,054	53,718,215	65,321,349
Other fuels	4,136,789	6,351,016	15,413,915
Metal manufactures	876,789	814,424	763,929
Other manufactured materials	2,781,756	2,230,688	1,929,545
Elec. machinery, appliances and equipment	386,147	416,926	374,399
Other machinery and equipment	1,935,957	1,991,557	1,850,156
Road vehicles	1,509,098	1,359,523	1,211,334
Scientific instruments and equipment	41,363	43,819	44,914
Photographic, optical, watches and clocks	51,562	52,504	50,298

* Estimated.

Orissa steel plant site switched

By K. K. Sharma in New Delhi

A LARGE Orissa State steel plant, the contract for which has been awarded to a consortium led by Davy McKee of Britain, will not be set up at Paradip, the coastal site originally selected. Instead, it will be located in Daitari region of Orissa, about 75 miles inland from the east coast city.

The change in the site was announced yesterday by Dr Charanjit Chanana, Minister for Steel and Mines, on logistical grounds. He said the new site would lead to substantial savings in infrastructural costs, economies in the cost of site preparation and recurring costs over the life of the plant.

The change is thought to have been made because the original site was found unsuitable for the plant after it was surveyed. The original plan was to locate it on a coastal site so that savings could be made in regard to imported coking coal and with a view to possible exports of steel from the plant.

The consortium has also arranged a financial package for the plant with the help of British and French Government grants and credits and Eurocurrency loans.

Although awarded some months ago, the contract has still not been signed

Lisbon plans more flexible trade institute

By Diana Smith in Lisbon

THE Portuguese Government is proposing to set up a new foreign trade institute to replace its Export Promotion Fund.

The Balsemao Administration maintains that the new institute will be financially independent and more flexible and operational than its predecessor.

Portugal's 1981 trade picture was bleak, with exports covering less than 50 per cent of imports and a trade deficit of at least $4.5bn (£2.5bn).

Exports were hurt not only by the slump in Europe, where nearly three-quarters of Portugal's exports are placed, but also by a noticeable timidity in exploring African, Arab and Asian markets where "hard-sell" nations such as Brazil are making strong progress.

Whether the government can resist the old Portuguese temptation to over-bureacratise the new Foreign Trade Institute or constantly alter its direction on a hit-or-miss basis, rather than in response to market movements, will be an interesting test of the Balsemao Government's promise to cut back on red tape.

S. African trucks for UK

BY BERNARD SIMON IN JOHANNESBURG

FORD South Africa is to supply 10,000 one-ton trucks and a range of spares to its British counterpart over the next year. The contract, valued at R60m (£32m) is the largest export order received by a South African motor manufacturer.

A Ford official said it is unlikely that all the vehicles will be absorbed by the UK market during the period of the contract, shipments in subsequent years are, thus, likely to be considerably lower. The first deliveries will be made in May 1982.

The trucks will have a 75 per cent local content by weight, but almost half of their value will consist of imported components.

Ford South Africa assembles about 13,000 one-ton trucks a year for the local market, and the UK order represents a near doubling of its production of this model.

APPOINTMENTS

Changes at Croda

Mr P. J. F. Ross, a director of CRODA INTERNATIONAL and president of the Croda Inks Federation, is retiring at the end of April. Croda Polymers International has made a number of appointments from April 1. Mr G. R. Hembrough, deputy chairman and managing director of Croda Polymers International, will in addition for the time being act as president of the Croda Inks Federation which embraces Croda's printing ink activities throughout the world. Mr G. H. Hutchinson, currently technical director of Croda Inks, will become deputy president of the Croda Inks Federation. Dr M. R. Harrison, currently development executive Croda Inks, will take on executive responsibility for all Croda Inks UK technical administration as divisional technical manager. Two further appointments within Croda Polymers International are: Mr B. A. J. Jewiss, accountant at Croda Resins, has been appointed financial director, and Mr P. Cadman, who came from the International Paint Company to Croda Resins on January 1 as operations manager, has been appointed operations director.

Mr Philip Nurse has been appointed to the new post of chief planning and projects manager within NATIONAL WESTMINSTER BANK'S international banking division based in the City. He was senior advances manager, international division, where he is succeeded by Mr Eric Collins, formerly manager of NatWest's Watford Queens Road Corner branch.

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Mr Godfrey M. Crook has been appointed general manager property UK and overseas of BRITISH AIRWAYS.

★

Mr John Oxford commercial director of SIMON CONTAINER MACHINERY has been appointed director and general manager of the Simon-VK division.

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Following acquisition of the National Freight Company from the Government, the NATIONAL FREIGHT CONSORTIUM has appointed its board: chairman: Sir Robert Lawrence; deputy chairman and chief executive: Mr P. A. Thompson; deputy chairman: Mr V. G. Paige; director of finance: Mr. J. K. Watson; and director of legal services: Mr P. A. Mayo. Mr F. S. Law, Mr P. G. Scott, Mr J. E. B. Sieve, Mr P. H. Spriddell and Sir Ronald Swayne serve as non-executive directors on the National Freight Company board, and will serve in a similar capacity with the Consortium. Mr R. H. Watson has joined the board as a non-executive director, he is deputy managing director of Barclays Merchant Bank.

Executive directors of the Consortium (not holding specific board offices) are: Mr R. R. Hayward (group managing director, National Carriers Group); Mr J. D. Mather (group managing director, special traffics group); Mr G. F. Pygall (group managing director, Pickfords group); and Mr D. H. White (group managing director, British Road Services Group).

BUCK AND HICKMAN has appointed Mr Stuart H. Davies, formerly managing director of Stanley Tools as a non-executive director from March 22.

Mr John Cunningham is to become head of COUTTS AND CO.'s international banking division in July on the retirement of Mr Geoffrey Perry. Mr "Tony" Davies is to succeed Mr Cunningham as head of management services division in May and will also become a principal officer of the bank at that time. Mr Ronald Winford, secretary of the bank, has been appointed a principal officer.

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Mr Keith Hackett has been appointed sales director of P. C. HENDERSON, garage doors, subsidiary of P. C. Henderson Group.

★

Mr Keith Rowland has been appointed project director of CRODA SYNTHETIC CHEMICALS to be based at the Four Ashes site near Wolverhampton.

★

HABITAT MOTHERCARE has made the following group appointments: Mr John S. Stephenson has been made design director of Habitat Mothercare; Mr Terence P. Goddard, becomes company secretary; Mr Terence A. S. Butler, financial controller; and Mrs Rosemary Thorne, chief accountant. Mr Kenneth Gaskell has been appointed financial director of Mothercare. Mr Barney Goodman has been appointed deputy chairman of The Conran Stores Inc., and Ms Pauline Dora as vice president, buying.

★

Arising from the reorganisation of BICC GENERAL CABLES into two market-based groups, electronic cables and energy cables, the following appointments have been made. Mr J. A. Tansey and Mr T. C. Gluckich become directors of BICC General Cables, with the former responsible for all electronic cables and the latter for energy cables.

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Sun Exploration and Production Company and NORTH SEA SUN OIL COMPANY has appointed Sir Jack Rampton as special adviser. He was Permanent Secretary at Department of Energy.

★

Mr Gordon Watson, UK market director for BAT (UK and Export) will leave the company in July to become chairman of BAT CO. (HONG KONG). He has headed BAT's UK market entry project since its inception in 1975. Mr David Thorpe, presently chairman of BAT (Hong Kong) will take over as UK market director in July. Following the retirement of Mr Leslie Craigan as export director of BAT (UK and Export) in November Mr Thorpe will assume board responsibilities for export markets and the company's international brand management as marketing director.

★

Mr Paul C. Button, Mr D. Noel Healy and Mr Peter V. Reed have been appointed assistant directors of merchant bankers, CHARTERHOUSE JAPHET.

★

On his appointment as a director of M & G GROUP, Mr Alan McIntosh has resigned from the board of M & G Investment Management, where he is succeeded by Mr Ewen Macpherson.

★

Mr W. M. Ritchie has been elected president of the ASSOCIATION OF BRITISH MINING EQUIPMENT COMPANIES (ABMEC). Mr Ritchie is managing director of John Davis and Son (Derby), chairman of Davis Derby Overseas Holdings, and a member of the Doulton Engineering Group board. Mr A. Murdoch Spence, managing director of the Winster Group, has become vice-president (home), having previously served as chairman of the Face Equipment Group. Mr T. Fenton, managing director of Huwood, is the elected deputy president whilst retaining his existing office of vice-president (international).

Anti-fraud telephones go on sale

By Alan Crane

BRITISH TELECOM will market special telephones for retailers designed to combat credit card crime. It has agreed to buy a substantial number of "transaction telephones" developed by Racal-Transcom, part of the Racal electronics group.

The first customer for the new telephones will be American Express. From June this year British Telecom will install the Racal telephones on behalf of American Express in a number of London stores.

Credit card theft and fraud are causing serious concern to all the major card issuing organisations. Access and Barclaycard alone lost more than £7m last year.

The telephone is fitted with a device to read the magnetic strip on all common credit cards. When the card is used to make a purchase, the telephone automatically dials the card issuer's computer centre to check that the card is valid, and that the customer's credit ceiling has not been exceeded.

Transaction telephones are becoming common in the U.S. Racal is only the first of a number of manufacturers and suppliers, mostly American, seeking British Telecom evaluation.

Details, Technology, Page 13.

Domestic rate bills to rise 15%

BY ROBIN PAULEY

AVERAGE domestic rate bills in England will increase by about 15 per cent next month. The rise for non-domestic ratepayers is expected to average about 13 per cent.

Predictions based on returns by more than half of England's councils to the Chartered Institute of Public Finance and Accountancy show that the average domestic rate bill next month is likely to be £281 compared with £245 in 1981-82. The average domestic rate is expected to rise from 123p in the pound to just over 141p.

Increases are lower in London this year, reversing the trend of the last two years, because the capital has been given a large increase in this year's Government grant. Also, the London boroughs face elections in May, which traditionally results in money which has been put into balances in previous years reappearing to subsidise the rate in election year.

In addition, housing subsidy payments, which are notoriously unpredictable, have generally been higher than expected in London in 1981-82, providing a surplus for 1982-83.

So many inner and outer London boroughs are cutting the local part of the rate bill in real terms. However, ratepayers still face larger bills because of hefty increases by the Greater London Council and Inner London Education Authority.

Although the 15 per cent increase is down on the 1981-82 average of just under 20 per cent, it is still ahead of inflation (currently running at a year on year rate of 12 per cent) and higher than predicted by the Government.

The Financial Statement and Budget Report (Red Book) issued with the Budget last week lists taxes on expenditure, which means rates for councils, at £10.9bn in 1981-82 and £12.2bn in 1982-83, implying a rise of 11.9 per cent.

After allowing a 1.5 per cent drift for changing rateable values the official estimate of rate rises is about 10.5 per cent, an underestimate by more than 40 per cent compared with CIPFA's returns.

AVERAGE RATE RISES IN ENGLAND 1982-83

Class of authority	Average domestic %	Average domestic £	Average domestic rate bill £	Average domestic rate bill £	Non-domestic %
Inner London	14.6	54	397	451	12.5
Outer London	12.6	42	325	367	11.0
Metropolitan areas	15.4	35	226	261	13.6
Shire areas	15.8	35	214	249	13.6
Average all English authorites	15.0	36	245	281	13.0

'Little sign of recovery' for E. Midland engineering

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ENGINEERING companies in the East Midlands shed 14,000 jobs last year—and there was little sign of recovery in the next 12 months, Mr Daryl Griffiths, president of the East Midlands Engineering Employers' Association, warned at the association's annual meeting.

Official statistics showed a slight recovery in engineering output in 1981, but the improvement was slight compared with the decline of the previous year.

Many companies would have to cope with the familiar problems of shortage of orders, pressures on profit margins, and severe competition in export markets, he told association members meeting at Oakham, Leicestershire.

The fact that total engineering output last year was only 86 per cent of that of 1975 was "a sobering thought."

Engineering was the region's largest wealth-creating industry, but numbers employed had fallen more than 11 per cent last year to 135,000. Redundancies and short-time working were another feature of the year.

The year had been "relatively satisfactory" for industrial relations. Strikes were at a low level, but other forms of industrial action had shown an increase.

Mr Griffiths urged the Government to come to grips with the problems of the nationalised industries. Charges from the public sector had been the greatest cause of rising costs for engineering companies.

Alphasteel loses output quota case

By Giles Merritt in Brussels

Alphasteel, the independent UK steelmaker, has failed in its legal challenge against the steel production quotas imposed on it by the European Commission.

The finding of the European Court of Justice against Alphasteel largely removes the legal doubts that had threatened to weaken the Brussels Commission's authority in running an anti-crisis steel production and prices regime. This aims to restore discipline to the hard-hit EEC steel industry.

The Luxembourg court's decision was that Alphasteel had failed to prove that the European Commission abused its discretionary powers when fixing the UK steelmaker's output quotas for the first two quarters of last year.

In addition to upholding the methods used by the Commission in assessing and fixing production levels, the Court also answered Alphasteel's appeals against the Commission.

Alphasteel's said Brussels should have set lower production quotas for steelmakers receiving state subsidies but the Court ruled that such distortions of competition were not covered by the regulations on which the steel regime was based.

UK NEWS

Tax change hits Barclays loans

BY TIM DICKSON

A MAJOR tax loophole closed in last week's Budget has temporarily forced Barclays Bank to withdraw a special lending scheme for smaller businesses.

Unless discussions between Barclays and the Government produce a solution, the Chancellor's decision to crack down on "Section 233 loans" will mean higher borrowing charges for customers with a Barclays Business Start Loan.

So far more than 400 companies have taken up about £13.5m under the scheme.

In a Budget that once again provided considerable encouragement for small businesses, some people feel that the full impact of this anti-avoidance measure may have been overlooked.

Under Section 233 of the Income and Corporation Taxes Act 1970, corporate borrowers have in certain cases paid interest to their banks at a rate which fluctuates with performance, so turning the payment for tax purposes into a dividend.

Although the borrowing company has had to pay ACT, Advance Corporation Tax, at 30 per cent, the "dividends" in the hands of the bank were regarded as franked investment income and could therefore be offset against its profits taxed at 52 per cent.

In future, the Chancellor said last week this sort of payment will be treated by the Revenue as normal interest.

Section 233 has been an important feature of Barclays' Business Start Loan scheme, introduced in September 1980.

The scheme, under which companies can borrow up to £100,000 for up to five years, is intended to provide start-up finance to new limited companies, or finance for established companies planning a new project or product.

Rather than charging interest like the more traditional forms of bank finance, charges on *Business Start Loans* are calculated as a percentage of sales, similar to the way in which a royalty charge is made.

Such royalties have been treated under Section 233 as a distribution of profits, with the result that the bank has been able to provide finance at a lower interest rate equivalent.

Until last week, for example, it was equivalent to interest of about 17 per cent, including ACT, in the third year. Without the Section 233 advantage, the bank estimates, this will rise to about 20 per cent.

Barclays said last night the matter had been drawn to the Government's attention and the bank "hoped something could be done." The loans can still be negotiated at branch level but until the position is clarified head office approval will not be granted.

The Chancellor is understood to have been particularly angry about the abuse by big companies of Section 233 loans. In most cases payments fluctuated only marginally with performance.

Barclays, on the other hand, says Business Start Loans were not designed for tax avoidance and the advantage gained by the bank has been passed on to the borrowing company.

Reviews of safety 'not uncaring'

By Alan Pike

REVIEWS BY companies of health and safety spending in the recession did not necessarily herald a "return to the uncaring society of the industrial revolution." Mr Jim Hammer, chief inspector of factories, says in his latest report.

He acknowledges that the financial side of safety policies had come under scrutiny as companies became concerned with economic survival.

Mr Hammer says, however, that the continuing unwillingness of industry, working with the Health and Safety Inspectorate and trade unions, to raise standards in particular fields "justifies rejecting the suggestion that we are witnessing a creeping return to laissez faire."

Yesterday's report shows the number of deaths in industrial accidents covered by the Factories Act fell below 300 for the first time to 294 in 1980. The total number of reportable accidents, 184,824, dropped below 200,000 for the first time.

Manufacturing and Service Industries 1980—Health and Safety Executive £5.

End police committees —Anderton

By Lisa Wood

A CALL for the abolition of police committees, to keep police totally independent of local politics, was made yesterday in a controversial speech published by Mr James Anderton, Chief Constable of Greater Manchester.

Mr Anderton has had serious differences of opinion with his Labour-controlled police committee over the level of accountability a chief constable should have to his committee.

He said there was increasing evidence of the "blatant use" of police authority machinery to serve political ends.

He called for the abolition of the committees, and their replacement with non-political police boards.

This speech was described as disgraceful by Mr Peter Kelly, chairman of the Greater Manchester Police Committee. He said at a Press conference that if Mr Anderton was going to make stupid speeches with political views he would have to face the consequences and be prepared to "get some stick back."

National Enterprise Board plans to expand aid in assisted regions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board has launched a fresh bid to expand its influence in the assisted regions. It is setting up investment companies in key areas and hopes to invest a total £20m in the next three or four years.

The first two investment companies are being set up in the South-west and on Merseyside. They will be followed by others, in Lancashire and elsewhere.

The board, part of the British Technology Group, is also seeking partnership arrangements with various local authorities in the North-east and other regions, find investment opportunities.

In its six-year life the board has invested only about £8m in the regions. A fifth of the companies involved are believed to have foundered. Mr Arthur Ward, the regional director, said yesterday this failure rate was in line with the experience of most venture-capital companies.

Now it hopes to invest £3m to £5m of its new £20m regional budget in the next 12 months. The overall investments made by the British Technology Group will total £50m this year.

The first investment company has been set up to cover Devon and Cornwall in partnership with Dartington and Co. the merchant banking subsidiary of Dartington Hall Trust.

It will have an authorised capital of £2m, the first £1m being provided in two tranches of £500,000 by the NEB (90 per cent) and Dartington (10 per cent).

A further £1m is to be sought in the coming year from other private sector sources.

Dartington will manage the fund, supervised by a board to include representatives of local interests. Investments will range up to £100,000 and the fund will normally seek an equity stake of 20 per cent to 40 per cent.

A second fund will be set up on Merseyside on broadly similar lines, except the private sector partner, Collinson Grant, management consultants, will not subscribe any capital. This fund will cover the Merseyside special development area.

Links are being established with the Merseyside Development Corporation on a wider basis, giving the corporation access no only to the enterprise fund but also to other British Technology Group cash.

● A maker of microprocessor signal equipment, Mikra Industrial Investments of Sunderland, is to be backed by up to £70,000 in BTG funds in a financial package to include £75,000 from the Midland Bank under the Government's small businesses loan guarantee scheme.

More factories for rural Wales

BY ROBIN REEVES

A BUDGET increase and a new advance factory programme have been approved for the Development Board for Rural Wales by Mr Nicholas Edwards, the Secretary of State for Wales.

During 1982-83, the board, which has responsibility for improving the economic and social infrastructure of the depopulated region of mid-Wales, is allowed a gross expenditure of £11.4m, of which about £6m will be spent on new advance factories.

The factory building programme includes 29 new units and four factory extensions totalling 62,400 sq ft at 12 locations in mid-Wales.

The ability of the board to fill these and another 30 factories now under construction will depend, however, on a review of regional development grant policy taking place in Whitehall.

When the Government assumed power in 1979, Sir Keith Joseph, who was then Industry Secretary, ordered a radical reduction, spread over three years, in the area eligible for regional development grants. It was cut from 44 per cent to 26 per cent of the UK's land surface, to enable limited resources to be concentrated on unemployment blackspots.

At the same time areas like mid-Wales, which had suffered a double downgrading, were promised a special review before being de-scheduled altogether.

Mr Edwards told the Commons this week the review was likely to be completed in the next two to three months. He hinted, in reply to questions, that de-population and population sparsity might be taken into account.

The original cut appeared to have been made solely on the basis of unemployment levels.

Civil servants kept off Ulster board

BY OUR BELFAST CORRESPONDENT

NORTHERN Ireland's new Industrial Development Board, which will spearhead the struggle for industrial recovery in the province, should be fully operational by August with a supervisory board which will exclude civil servants, Mr Adam Butler, Minister of State for Northern Ireland said yesterday.

The board, announced last August, represents the Government's response to demands for stronger efforts to combat Ulster's 19.5 per cent unemployment. It will draw together various industrial development functions of government departments and the Northern Ireland Development Agency.

Mr Butler, addressing the Northern Ireland chamber of commerce, said a chairman and some board members would be appointed soon. The Government is still seeking a chief executive. It is believed a salary of up to £50,000 will be paid.

The minister said the board, to be established by legislation, would consist of about 12 people from industry, commerce, banking and trade unions. It will also include an academic as well as one or two senior UK industrialists.

He defended the proposals against criticism that the board would be dominated by civil servants and would not be sufficiently independent from government.

It would be highly professional and commercially orientated and as free as possible from red tape, but he added that ministers had to retain responsibility for industrial development.

Mr Butler called for the wholehearted support of the Northern Ireland community and said the new body should not be undermined by "criticism born of perverseness."

Speculation over Long's role at The Times

By Ivo Dawnay, Labour Staff

MR RUPERT MURDOCH will return to Britain from New York today amid widespread speculation that he has asked Mr Gerald Long, *managing director* of Times Newspapers, to take another post at the parent company, News International.

Last week Mr Long, 58, firmly denied suggestions that he was to quit his post. Yesterday he refused to comment on his position. "I am not confirming or denying anything," he said.

Mr Long, who was for 18 years chief executive of Reuters news agency until he joined Times Newspapers shortly after Mr Murdoch bought the company last year, is a personal friend of the proprietor.

Last month he headed a management team aimed at achieving 600 staff redundancies and the ending of over 900 casual shifts after Mr Murdoch warned that The Times and Sunday Times would close if the manning cuts were not achieved.

The proprietor withdrew his closure threat last week after claiming that 70 per cent of the cuts, accounting for a saving of about £8m a year, had been achieved.

Later today, Mr Murdoch is to meet the six independent national directors of the newspapers to seek formal endorsement of the appointment of Mr Charles Douglas-Home as successor to Mr Harold Evans as editor of The Times.

The appointment is expected to be given unopposed backing by the directors and the board of Times Newspapers Holdings.

A new deputy editor is also expected to be named shortly, though it is understood that the appointment will be for a caretaker deputy to allow Mr Douglas-Home time to reorganise staff at the paper.

Mr Anthony Holden, features editor and Mr Evans's most vociferous supporter over the past week, tendered his resignation yesterday.

Range Rover output up to 300 a week

By Kenneth Gooding

THE FOUR-DOOR version of the Range Rover has had bigger initial success than expected, so that total Range Rover output has risen to 300 a week, the highest ever.

Mr Mike Hodgkinson, managing director of Land-Rover, the BL subsidiary including Range Rover, said yesterday that four-door version sales were so good that "even in the middle of a recession we are temporarily short of Range Rovers in the UK and in Europe."

The company was in process of increasing Range Rover production for the second time this year, and *working Saturday overtime to boost output.*

The success of the four-door version had helped the Rover company return to a stable trading position.

Last year the company struggled for survival with severely depressed demand and an over-valued currency, but, he confirmed, made a net profit, the lowest since it became a separate entity in BL four years ago.

Output of Land-Rovers is 680 a week built-up, and 100 kits, roughly 55 to 60 per cent of present capacity, to increase considerably this year when more of the £200m five-year investment programme is completed.

Stock Exchange to modify fee rises

BY JOHN MOORE, CITY CORRESPONDENT

THE STOCK EXCHANGE is modifying its proposals to increase charges on share and gilt-edged transactions after widespread criticism by the most influential users of the market.

Sir Nicholas Goodison, chairman of the Stock Exchange and the ruling council, yesterday considered the written and oral submissions of pension funds, insurance companies, unit trusts, investment trusts and the accepting houses, who had all protested at the proposed increases. A progress report by the Stock Exchange is expected today.

It is understood the pension funds have criticised the Stock Exchange's moves to increase charges on major points of principle. The funds have criticised the Stock Exchange for seeking a commission increase when the economy is going through a difficult period.

In addition, members of funds, including pensioners, are receiving wage and pension increases below the level of inflation. The funds said the rise in commissions would come when pensioners could not easily afford such real cost increases.

Like other market users, the pension funds have questioned the Stock Exchange's arguments to justify the increases. If stockbrokers require an increase in commission to provide extra capital, more information should be provided to assess the adequacy of a firm's capital.

The pension funds have also questioned the concept of unlimited liability for stockbrokers, and have argued that its mechanism should be reviewed. Merchant banks, say the funds, function quite happily without unlimited liability.

The pension funds have also raised the issue of the Stock Exchange's continued separation of the roles of principal and agent. The funds say this separatism is under attack in overseas markets, while the development of the financial futures market will, in their view, make the separatism more hazy.

The funds have asked the Stock Exchange whether it can retain control of the development of dual capacity. The funds have expressed concern at the extent and nature of the dual capacity of some brokers, and are concerned at their own legal position when dealing with such firms.

Posgate leaves main board at Howden

BY JOHN MOORE, CITY CORRESPONDENT

A MAJOR boardroom rift has developed at Alexander Howden Group, the financial holding company with extensive Lloyd's broking and underwriting interests. Mr Ian Posgate, the group's star underwriter, has resigned from the main board and the group's executive committee.

In a resignation letter to group chairman Mr Kenneth Grob on Monday Mr Posgate, one of the UK's highest paid company directors, said he was "disappointed" at not being involved in the takeover plans of Alexander and Alexander of the U.S., the world's second largest insurance broker, which bid for Howden last year.

"As you know," Mr Posgate said in the letter, "I was disappointed that although one of the five members of the executive board, I was allowed to play no part in the takeover by Alexander and Alexander."

He said he was subsequently excluded from a policy-making meeting in the U.S. "while others not on the executive board were invited."

A copy of the letter has been sent to Mr Jack Bogardus, chairman of Alexander and Alexander, and the resignation will be considered at a board meeting of Alexander Howden today.

Mr Posgate, who is estimated *to earn more than £300,000 a year* at Howden, will still remain chairman of the underwriting agency subsidiary company and continue at head two of the largest underwriting syndicates at Lloyd's. Mr Posgate underwrites on behalf of about 3,000 members of Lloyd's.

He has been at odds with other Howden directors for some time over the Lloyd's Bill to improve the market's self-regulation. Mr Posgate has been a strong supporter of measures to force Lloyd's insurance brokers to sell their shareholding links with underwriting syndicates at Lloyd's.

The move has been strongly resisted by other Howden directors, who have said the group's activities would be "injuriously" affected through the subsequent loss of important revenues.

Mr Posgate, now a member of the ruling committee of Lloyd's, gave crucial and damning evidence before a parliamentary committee last year which caused parliament to insist that Lloyd's brokers sell off their shareholding links.

He detailed a series of abuses which arose through the brokers' ownership of the management companies of underwriting syndicates.

Petition on Lloyd's Bill, Page 10

Housing industry's future 'lies in private sector'

BY WILLIAM COCHRANE

THE HOUSING industry's future lies in the private, not the public sector, according to Sir Lawrie Barratt, chairman of Barratt Developments, the large housebuilder.

Sir Lawrie was speaking at a conference in London yesterday organised by stockbrokers Savory Milln to launch their 1982 Building Book.

The brokers said private housing in the UK should begin a sustained recovery in 1982. "New household formation is expected to rise until 1986," the book says, "and the collapse of the public sector housing programme means that, once confidence returns, private sector demand should be strong."

In an outspoken attack on the public sector, Sir Lawrie said that its stock of 7m houses, a third of the country's housing stock, was bad for the country economically and socially.

Public housing and its contribution to public spending had been one of the main factors causing inflation in Britain. Public housing cost on average 50 per cent more than private housing to build. It was badly designed—"creating ghettos in many of our city centres"—and badly managed.

Sir Lawrie said public sector housing was being demolished every week. "Some of the stock is so bad that it should be demolished," he said. Some, he suggested, was badly managed but worth keeping, and could be sold to the private sector.

● In Glasgow today Mr Bill Bruce, chairman of the Scottish arm of Barratt Developments, is expected to announce group plans for dealing with the renewal of public sector housing throughout the UK.

OBITUARY

Ben Kipling

BEN KIPLING, who died at the weekend, was one of a team who worked in the post-war years to build the reputation of the expanding Financial Times.

Born on March 31 1911, he joined the Financial News in 1925 at the age of 14. From doing routine jobs he soon took on heavier responsibilities. By the time the Second World War started in 1939 he was a senior sub-editor.

During the war he served in the army. There his journalistic talents were used to produce army newspapers in North Africa and Europe.

By 1945 the Financial News had merged with the Financial Times. Ben Kipling returned briefly to the sub-editorial table. He was soon appointed parliamentary correspondent. The Commons was sitting all hours of the night debating the nationalisation Bills of the immediate post-war era.

He was recalled to other important responsibilities in the night editorial department and before long was appointed night editor, a post in which he had to deal with all the tensions of a growing paper.

His health began to fail in the 1960s but after bouts of illness he would return, determined to continue to play his part.

He became assistant editor in charge of production, where his abilities proved invaluable. Ever friendly, rock-steady and ready to help anybody, he was sorely missed when he had to retire early at 61 on health grounds. Our deepest sympathy goes to his widow and three sons.

C.U.

Pan Am and TWA to fill gaps left by Laker

By Lynton McLain

NEW SERVICES to the U.S. to fill some of the gaps caused by the Laker Airways collapse have been announced by Trans World Airlines and Pan American World Airways.

Laker operated scheduled services from Gatwick Airport to New York, Los Angeles and Miami before the airline was put into receivership last month.

TWA is to start its scheduled daily TriStar service from Gatwick to New York on April 26. This service was planned before the Laker collapse.

Part of TWA's new business is expected to be taken by a Jetways service of flight-only charter tickets to the U.S. Jetways is promoted by Travellers Air, a company formed with Travellers International to act as the UK sales and marketing organisation of TWA.

Bookings for Jetways flights, on TWA aircraft, are said to be on target for the first quarter of this year and the airline expects to carry 10,000 passengers.

TWA said that if its Gatwick-to-New York service was a success it hoped to start more scheduled services from the airport later this year.

The former Laker routes to Miami, from Gatwick, which involved the carriage by Laker of 500,000 passengers in a full year, are to be replaced in part by extra Pan Am flights. The airline plans to start three extra DC-10 airliner flights from Heathrow to Miami this summer, to make a total of five extra trips a week to Miami.

● The preliminary hearing of Lord Bethell's case against the European Commission for allegedly allowing airlines to fix high fares begins in the European Court in Luxembourg tomorrow.

Lloyds Bank cuts home loans rate

THE BATTLE between the high street banks and the building societies in the home loan market increased yesterday with the announcement by Lloyds Bank that it was cutting its home loan rate by 1½ percentage points to 13.5 per cent.

Lloyds Bank, the smallest of the Big Four clearing banks, is the last of the big banks to cut its mortgage rate and claims that its rate is the lowest of all the big banks and major building societies.

It calculates that the annual percentage rate on its mortgage works out at 14.2 per cent, 0.3 percentage points below the comparable building society and bank home loan rates.

Williams & Glyn's Bank, which is less active than the others in the home loan market, cut its mortgage rate to 13½ per cent yesterday, which gives an annual percentage rate of 14.5 per cent.

Rampton appointed Sun Oil adviser

Permanent Secretary at the Department of Energy, has been appointed a paid part-time adviser to Sun Oil, a U.S. company with substantial interests in the North Sea.

The move has been approved by the Diamond Committee, which examines the recruitment of former civil servants by industry. But the appointment, 20 months after Sir Jack left the Department of Energy, could revive controversy over senior government officials joining the private sector in fields related to their former responsibilities.

Sun Oil said yesterday that Sir Jack's job would be to "help us become better corporate citizens in the UK and other international areas."

Investment urged for water industry

THE WATER industry in England and Wales needs an increased investment over the next five years, building up to an extra £100m a year by 1987, to tackle the backlog of renovation of water mains and sewers, said the National Water Council yesterday.

Annual investment of £225m in renewal appeared too low, said the council in its Water Industry Review 1982.

While sewer deterioration was not a universal problem in areas affected by deterioration, such as in the North West, a very costly effort was needed to overcome the backlog.

The European Investment Bank has made two loans, worth a total £14.5m, to the council towards the cost of water supply and sewerage schemes. The loans bring to almost £450m the loan finance which the EIB has channelled through the council to local water authorities for water and sewerage projects.

Newspaper to close

THE Nottingham News, a weekly newspaper set up by 28 sacked journalists three years ago, is to close because of financial difficulties. The last edition of the NUJ backed publication will go on sale on Friday.

The journalists were dismissed by the Nottingham Evening Post for joining a strike. They set up a workers' co-operative to run the new paper. Only six editorial staff remain and the co-operative has to draw union pay.

TRIDENT 2 DEAL — BY BRIDGET BLOOM

British chances of U.S. subcontracts seem slight

HOW WILL British business benefit from the decision to replace the Polaris nuclear deterrent by the U.S. Trident 2 or D5 missile system in the 1990s?

Mr John Nott, Defence Secretary, announcing the deal last week, noted with evident pleasure that he had secured "more advantageous terms" from the U.S. than on any previous nuclear weapons deal. These terms included a new element.

He told Parliament British industry would be able "to compete on equal terms with U.S. industry for subcontracts for weapon systems components for the D5 programme as a whole, including the American programme."

What does this mean?

Should British defence industries be getting excited about the prospects of substantial U.S. as well as UK nuclear weapons business?

The deal covers a £7.5bn programme (at 1981 prices) to replace the four Polaris submarines with four much larger Trident submarines. Each is likely to have space for 16 Trident D5 missiles, although only 12 may be carried.

The number of warheads on each missile will remain classified, but it appears each British missile will have no more than eight, against the likely 14 in the U.S. version of the D5.

British business stands to benefit in two ways. First, from contracts won in this deal, second from possibly competing for subcontracts in the larger U.S. programme. A separate matter is the U.S.-UK government-to-government agreement that the British Rapier air defence system will be bought by the U.S. for its air bases in Britain.

As things stand, British industry's chances of competing for U.S. Trident business seem slight.

The Defence Ministry is coy about what proportion of the *£7.5bn will be spent in the U.S. It seems to be assumed that* some £4bn will be spent in Britain.

Spending is:

● Submarines 35 per cent.
● Shore construction 8 per cent.
● Weapons systems equipment 17 per cent.
● Missiles 17 per cent.
● Warhead design, production and unallocated contingency 23 per cent.

The main spending in Britain will be on the submarines—which at nearly 15,000 tons displacement are almost twice as big as Polaris—the warheads, to be built under the authority of the Aldermaston Weapons Research Establishment (AWRE) and the submarines' all-British pressurised water nuclear reactors.

The Trident-generated business will be important for British industry. Ironically, however, it may not represent a net gain. Vickers, for example, the only shipyard capable of building the submarines, will have to stop building the SSN nuclear-powered submarines and probably postpone the planned new diesel-powered T2400 submarine *while it copes with the* four Trident vessels.

For Rolls-Royce and Associates, the defence consortium which manages the Navy's nuclear propulsion programme "from cradle to grave," Trident could represent a fall in business.

The consortium—R-R, Babcock International, Foster Wheeler and Vickers—will provide Trident's nuclear reactors. The Trident submarines, however, are expected to delay a start on construction of a new generation of Hunter-killer boats using nuclear reactors, while the bigger Tridents will take longer to build.

The British Tridents' warheads will provide work for companies "downstream" from the reactors. The total of these is less than has been involved in Chevaline, for example. This is a £1bn-plus, entirely British project to enable Polaris missiles to penetrate Soviet anti-ballistic missile defences.

What of British companies' chances in competing for U.S. Trident business?

Lockheed is the main contractor for the missile—as it has been for Polaris and Poseidon—but says it is too early to judge the size of the likely order from the U.S. Government, or the possible role of the likely "hundreds" of subcontractors, U.S. or foreign.

The U.S. Navy has on order nine Ohio submarines, each capable of launching 24 Trident D5 missiles. It has a "wish list" of five to 20 more submarines. What it eventually gets, above the nine, will depend partly on the size of the U.S. budget deficit and on defence policy.

Spending is small on Trident 2 so far. Just under $400m (£221.6m) is planned for 1983, although the missile's development programme is put at some $8bn over the next seven to 10 years.

British companies face two major hurdles.

They must overcome established patterns of supply from U.S. companies—Lockheed says it cannot recall an example of subcontracting missile parts to a foreign company.

They must overcome Buy American legislation and prejudice.

Mr Nott told Parliament of a U.S. undertaking to waive certain Buy American legislation, but his exchange of letters with Mr Caspar Weinberger, U.S. Defence Secretary, covering the deal is less specific.

British companies would like this confusion cleared up, especially given the anti-European mood of Congress of past months.

The big British names—British Aerospace, Marconi, Plessey, Lucas and others—feel they are up to competing, if not in areas such as the missiles' motors, at least in the guidance systems, electronics and warheads.

Some suggest the Government should try to negotiate specific spending targets for British business. Others are sceptical of the whole deal on political grounds, wondering whether any U.S. Government could allow key parts of a strategic contract to go to a foreign company whose government might, after the next election, cancel the whole Trident deal.

No company is sanguine, but at least all see the potential for business as a step in the right direction.

** Defence Open Gov. Doc. 82/1. Min. of Defence.*
† Cmnd 8517 HMSO £1.15.

Additional material provided by Reginald Dale in Washington and David Fishlock in London.

This morning Mr John Nott, Defence Secretary, appears before the Commons select committee on defence on the Government's decision to spend £7.5bn on the Trident 2 missile system, which is intended to replace Britain's Polaris nuclear deterrent.

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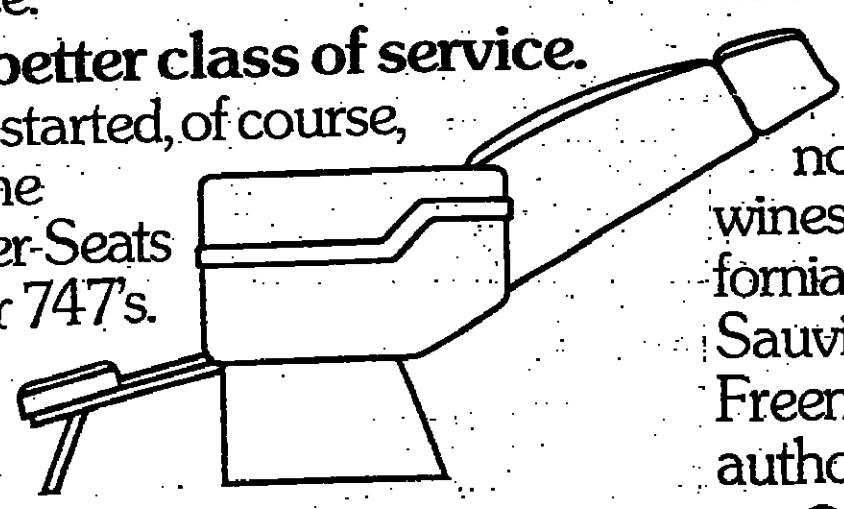

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UK NEWS—PARLIAMENT and POLITICS

Thatcher agrees to address UN on arms control

BY IVOR OWEN

THE PRIME MINISTER has agreed to address the United Nations for the first time in June as a gesture of Britain's readiness to play a leading role in supporting arms new initiative to secure an effective end to the nuclear arms race.

Announcing this in the Commons yesterday Mrs Thatcher underlined the Government's reservations over the offer made earlier in the day by President Brezhnev to institute a unilateral freeze on the deployment of new medium-range nuclear missiles in the Soviet Union's European sector.

The Russian leader's proposal, she said, ignored two facts. "First, it freezes the total superiority of the Soviet Union in these particular theatre nuclear weapons.

"Secondly, it ignores the fact that the SS-20 can just as well be deployed targeted on this country and the rest of Europe from beyond the Urals as they can this side of them."

Before announcing her decision to address he United Nations' second special session on disarmament the Prime Minister reaffirmed her belief that such negotiations must be undertaken from a position of strength.

She agreed with Sir Russell Fairgrieve (Con. Aberdeenshire West) that there was widespread support for the Government's decision to continue Britain's independent nuclear deterrent through the acquisition of the advanced Trident II missile from the United States.

The precise timing of the Prime Minister's visit to New York has still to be decided, but it will take place after the Nato summit in Bonn on June 10.

Mrs Thatcher will have had an earlier opportunity to consult President Reagan on the attitude of the U.S. to the United Nations' disarmament discussions when he visits London as the guest of the Queen from June 7 to June 9.

The Prime Minister again emphasised the importance which Britain attaches to maintaining close accord with the U.S. by a coutious response to a suggestion by Mr Tom Urwin (Lab, Houghton-le-Spring) that Britain should back President Mitterrand's initiative for an independent European defence policy.

She stressed the need to be "wary" in considering new European defence alignments when Nato was already in being.

"It seems to me that would not in the end unite the Western world in defending its own interests because it would open up the possibility that we could be divided from our friends across the Atlantic who are the ultimate guarantors of European freedom."

Petition on Lloyd's Bill

BY JOHN MOORE CITY CORRESPONDENT

MR NICK PARKER, an underwriting member of Lloyd's, is to lodge a petition with the House of Lords at the end of this week seeking to remove a clause in the Lloyd's Bill classifying all members of Lloyd's as either working members or external members.

If the House agrees to the change Lloyd's may have to call a meeting of its 20,000 members to gain their approval.

Mr Parker argues that since the external members of Lloyd's contribute around 80 per cent of the capital "there is no justification for treating such persons in a wholly different way from those who would be classified as working members."

The move would be divisive, he says.

His petition also argues that a new Lloyd's council should be elected by all members voting together.

The Bill proposes that the two classes of member would separately elect 16 working members and eight external members.

Up to six more petitions are planned as resistance to the Bill grows. Lloyd's may not be able to muster enough support for the legislation if the Bill has to be approved once more by its membership.

Tories fail to muster support for sale of BR assets

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A PROPOSAL from Mr John Farr (Con, Harborough) to sell all British Rail's hotels and cafeterias, railway workshops, Sealink ferries and 7,000 miles of branch line was defeated in the Commons yesterday by a majority of 14 (166-152).

Less than half the total number of Conservative MPs supported the measure.

The scheme was opposed as "a nonsense" by Mr Peter Snape (Lab, West Bromwich East), who is sponsored by the National Union of Railwaymen. He saw it as an attempt to sell public assets "at a knockdown price to the Government's friends in the City of London."

Mr Farr tried to introduce it in the form of a Ten Minute Rule Bill—a device used to test opinion on a controversial subject rather than to get legislation onto the Statute Book.

Mr Farr said he and his constituents were exasperated by the recent strikes by Aslef, the drivers' union, which had cost £10m. He thought British Rail should get out of property, hotels, catering and shipping and concentrate on running an efficient national railway network.

"The economic situation on the railways has changed dramatically for the worse," he said. "Once again the long-suffering taxpayer looks like picking up the bill."

He proposed selling to the highest bidder 26 railway hotels, 30 Sealink ships and 13 railway workshops employing 39,500 people.

He complained that British Rail Engineering had a monopoly of BR business and private wagon builders, such as Standard Railway Wagon Company of Stockport, were not allowed to compete.

Mr Farr claimed that the Engineering Division's export performance had been meagre and it had captured only 1.3 per cent of the world rail equipment market.

He proposed a holding authority to take over 7,000 miles of track—a third of the total—and dispose of it to local consortiums of businessmen, industrialists, hotel owners and tourist interests. The consortiums, he suggested, should run the lines with the local authorities or tourist authorities.

"The lines would not necessarily be profitable but at least they could provide the sort of service the public needs," said Mr Farr.

This had been done very successfully abroad, notably in Switzerland, where state-owned and independently owned railways worked in harmony.

Mr Snape said there was one "By in the ointment" about this proposal. Who was going to buy the branch lines when their ratio of costs to earnings was 2.5 to 1?

He saw no evidence that local councils would be prepared to spend money supporting branch lines.

The rail workshop proposal was an insult to the hard-working men employed in Swindon, York and Doncaster, he said.

He said the Swiss had been subsidising their railways for the past 20 years at four times the rate of subsidy to BR.

Councils back reform of rates system

By Robin Pauley

THE associations of metropolitan and district councils both called last night for an urgent reform of the rating system and the introduction of a local income tax to supplement rates as soon as possible.

The Association of District Councils, representing all 333 district councils in England and Wales, told the Commons environment select committee that district and county councils should have separate methods of raising funds.

The district councils should receive all their income from fees and charges and from rates, which should be extended to cover agricultural buildings, Crown property and nationalised industries. Districts would receive no government grants.

The county councils, providing some quasi-national services such as education, should be funded by some government grants plus a local income tax which would need to be levied at a rate of about 7p or 8p.

All domestic property should be rated on the basis of capital valuations but rental values should be retained for all non-domestic property, the ADC said.

The Association of Metropolitan Authorities told the committee that central government grants to councils should be restricted to the amount needed to equalise discrepancies in needs and resources

This would enable grants to be cut by a third and the loss could be made up through a local income tax under the control of local authorities but collected on the basis of information supplied by the Inland Revenue.

Brittan launches attack on SDP

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR LEON BRITTAN, Chief Secretary to the Treasury, yesterday launched the Conservative Party's most detailed attack yet on the SDP with a claim that their popularity had begun to slide.

Just over a week before the Hillhead by-election which will put his theory to the ballot box test, Mr Brittan claimed that people were beginning to ask a few "penetrating questions" about the SDP.

Mr Brittan was speaking at the launch of a new Bow Group pamphlet aimed at prompting precisely that kind of question. The pamphlet, entitled Left-overs: the SDP, a Critical Analysis, amounts to a handbook for Tories trying to attack the SDP.

It systematically goes through the SDP's policies and sets out the Conservative Party's arguments against them. On proportional representation, for example, it suggests that "two simple debating points" should be made before examining the SDP solution—first, that the SDP itself had not become a broad-based party, and second that the demand for PR has always come from minority parties "eager to increase their own representation in parliament."

The pamphlet sets out to cast the SDP as a left of centre party. It concludes: "The SDP, however much it may attempt to disguise the fact, is not a party of the centre, it is a party of the socialist left."

The only difference between the SDP leadership and their old colleagues in the Labour Party, it claims, is that "in order to appeal to Conservative voters they must play down their records and true belief."

Beaconsfield Liberals set for by-election choice

BY ELINOR GOODMAN

THE LIBERALS in Beaconsfield are to choose their candidate on Friday for what is likely to be the Alliance's next by-election test after Hillhead.

The choice has been narrowed to three: Paul Tyler, former Liberal MP for Bodmin; Bill Eastwell, who fought Beaconsfield in the 1974 elections, and Sarah Curtis, who bought Enfield North also in 1974.

By selecting their candidate so soon the Liberals will make it impossible for Mr Roy Jenkins—*if he fails at Hillhead* next week—to use Beaconsfield to have another go at getting into parliament.

Mr Jenkins, however, hinted strongly yesterday that if he loses Hillhead he will not stand again. He said there was a limit to the number of by-elections the human frame could stand.

The Tories held Beaconfield in 1979 with a majority of 21,495, making it one of their 50 or so safest seats in the country.

If Mr Jenkins wins Hillhead, the Alliance bandwagon could move on to take Beaconsfield. For this reason, it was thought the Liberals might try to field a national figure.

Among the names suggested were Mark Bonham-Carter, *victor of Torrington by-election*, and Laura Grimond, wife of Jo. More than 20 names were considered by the Beaconsfield party last week.

The Tories are also moving ahead with choosing a candidate.

Talks on agenda for EEC Brussels summit

Financial Times Reporter

THE PRIME MINISTER and Lord Carrington yesterday met M Gaston Thorn, President of the EEC Commission, and Mr Leo Tindemans, Belgian Prime Minister and current President of the EEC Council of Ministers, to discuss the agenda for the EEC Summit in Brussels later this month.

Mrs Thatcher is understood to have made plain the British Government's determination to press for a permanent settlement to its budget problem.

However, the Government does not appear overly optimistic of such a settlement being concluded at the Summit and appears to be bracing itself for yet another protracted battle.

Diversification may save jobs, PM suggests

By Ivor Owen

SUCCESSFUL companies faced with falling demand for their products owe it to their workers to consider diversifying into new markets, the Prime Minister suggested in the Commons yesterday.

She was replying to questions about Imperial Tobacco's plans, announced on Monday, to close three factories over the next two years, with the loss of 1,700 jobs in Glasgow, Stirling, and Bristol.

Mr Michael Martin (Lab., Glasgow Springburn) pointed out the contribution made by the tobacco industry to the national exchequer and urged Mrs Thatcher to instruct her Ministers to look at the social consequencies of the redundancies and, if necessary, make representations to Imperial.

The Prime Minister said she understood the concern caused by the impending redundancies, but told Mr Martin: "One cannot urge people to purchase more of the products of smoking and tobacco. One simply cannot do that, I am afraid. It is a matter of personal choice."

Mr Laurie Pavitt (Lab., Brent South) a leading opponent of the tobacco lobby, urged the Prime Minister to agree that when companies were in economic difficulties because their products were harmful to health they should be encouraged to diversify their activities.

Mrs Thatcher commented that there was a time when diversification was fashionable, but the situation had changed when it became apparent that a number of companies were not expert in the areas they had diversified into.

Unemployment and crime 'unconnected'

By Ivor Owen

RISING UNEMPLOYMENT is not linked with the crime wave now sweeping Britain, the Prime Minister insisted in the Commons yesterday.

The possibility of a connection was suggested by Mr Michael Foot, the Opposition leader, after Mrs Thatcher had conceded that law and order is now the issue which is foremost in the public mind.

To the dismay of some Tory back benchers the Prime Minister virtually ruled out any likelihood of the Government taking the initiative in arranging a new vote by MPs on the reintroduction of capital punishment.

Recalling that soon after the 1979 general election the Commons decided by a majority of 119 against bringing back hanging, she said she had considerable doubts that another vote would produce a different result.

Mrs Thatcher agreed with Mr Edward Gardner (Con, South Fylde) that the police should make the fullest possible use of the increase in their numbers by making it clear that they would not be intimidated or deflected from their duties by any attempt to defame them as racists.

Basnett urges fight on Employment Bill

Financial Times Reporter

MR DAVID BASNETT, general secretary of the General and Municipal Workers' Union yesterday urged union members to resist the Employment Bill—"this fundamental attack on the trade union movement"—by industrial action if necessary.

Speaking in Glasgow, Mr Basnett, chairman of the TUC economic committee, warned: "Either the movement renders it *ineffective—or it will render* the movement ineffective."

Garel-Jones made a junior whip

MR TRISTAN GAREL-JONES, 40-year-old Conservative MP for Watford, was yesterday appointed a junior Government whip.

He replaces Mr Alastair Goodlad, 36, MP for Northwich, who *is promoted to Lord Commissioner* of the Treasury in the whips office.

Peter Riddell on the Tory Party after the Budget

Treasury wins the initiative

THE GOVERNMENT would be wrong to count on a completely smooth ride from its back benchers over the next few months, despite the widespread support for the Budget strategy within the Conservative Party.

Peace may have broken out, but that does not mean either that there is agreement or that skirmishes will be avoided on particular issues.

Back bench speeches during the Budget debate and the private comments of Tory MPs this week reveal a number of important reservations. Nevertheless, the Treasury has won the political initiative.

One leading "wet" said the Chancellor had done just enough in all the right areas to buy-off the critics. He remarked ruefully that quite a few MPs who had been very critical before Christmas were now only too eager to find a reason to support the strategy.

The "wets" are particularly concerned about social security, and their worries may surface both during the Commons Report Stage tomorrow on the Social Security and *Housing* Benefits Bill and when detailed proposals are brought forward later.

Critics

The main focus is on the 5 per cent abatement of unemployment and sickness benefit in 1980 in lieu of taxation. Many MPs believed the Government would restore this cut when benefits start to be taxed this summer but this will not happen.

Mrs Thatcher told the Commons yesterday during Question Times that while a final decision had yet to be taken any restoration would involve higher contributions. The pressures to make up the 5 per cent shortfall were reflected in the comments over the last week of Sir Ian Gilmour, Mr Richard Needham, Mr Chris Patten and Mr Keith Best.

The critics are also concerned about the change in calculating the housing element in supplementary benefits, and the scale of the increase in the capital which can be held by recipients of supplementary benefit.

MPs on the right of the party such as Mr Nicholas Winterton are also worried about the latter point since it *discourages savings*.

In general, the "wets" feel that while the Chancellor was skilful in the distribution of his measures the overall impact is too small. This view was argued, amongst others, by Sir Ian Gilmour, Mr David Knox, Mr Stephen Dorrell and Mr Charles Morrison.

These MPs, and others such as Mr Patten and Mr Alan Haslehurst, urged more help for the unemployed. Some MPs *in the main stream of* the party, such as Mr Terence Higgins, welcomed the greater flexibility in the Medium Term Financial Strategy, which Mr Tim Eggar said was now dead.

Albatross

There have also been several speeches welcoming the Budget from the centre and right of the party. But significant reservations were expressed by a couple of senior backbenchers about the removal of restrictions on holdings of index-linked gilt edged stocks.

This point was made by Mr Peter Hordern, and was strongly emphasised by Sir William Clark, the chairman of the backbench finance committee.

Sir William described such index stocks as an "albatross" in view of the mounting liability to repay capital. He questioned whether there would always be sufficiently prudent economic management to contain inflation, but he preferred paying a high rate of interest.

Mr Jock Bruce-Gardyne, the Economic Secretary to the Treasury, said it was at least arguable that "future governments will have a greater reward for perpetuating inflation under a system of conventional gilts and a greater penalty for perpetuating inflation under a system of index-linked gilts."

Fortunately, however, for the Government gilt issues do not have to be approved by the Commons and do not appear in the Finance Bill. Indeed, there are no obvious major proposals in the Finance Bill which seem likely to provoke a Tory revolt.

The Bill will probably be published towards the end of next week and will be very long by the standards of the last decade.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone: 7598 157.

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UK NEWS—LABOUR

'Dual-roster could end rail dispute'

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LORD McCARTHY, chairman of the arbitration tribunal into the British Rail flexible rostering dispute, yesterday raised a suggestion which many railwaymen at the hearing thought might be a way out of the dispute.

During the second day of the arbitration hearing, he questioned the parties to the dispute—BR and its three unions—on the situation on the railways since the dispute on flexible rostering began.

The BR Board claims it is "untenable," but Lord McCarthy suggested that trains had been running normally, despite apparently contradictory arrangements, and asked all the parties whether such a system would be impossible to run in the longer term.

Many of the railwaymen—both drivers and guards—attending the hearing in London of the Railway Staffs National Tribunal thought that Lord McCarthy might be giving some indication of the findings of the tribunal which are expected in the next few weeks.

He summarised the position since the dispute had arisen before Christmas:

● Drivers belonging to the Associated Society of Locomotive Engineers and Firemen have been working a 40-hour week based on the guaranteed eight hour working day, at the front of the train.

● Guards on the same train belonging to the National Union of Railwaymen have been working a 39-hour week, based on flexible rosters of seven to nine hours, which BR would like to see adopted for its drivers.

Lord McCarthy made clear in his questioning his concern about what would happen in the industry if the RSNT awarded in favour of BR but Aslef—either at executive or local level—rejected the tribunal's findings. This was reinforced by Mr Ray Buckton, Aslef's general secretary, who said his members would "not buy flexible rostering at any price."

Many of the railwaymen—both drivers and guards—attending the hearing thought that Lord McCarthy might be giving some form of hint about the finding of the tribunal which is expected within the next few weeks.

BR acknowledged that it could cope in the short term with the arrangement of guards and drivers on different rosters and working weeks, though Mr Cliff Rose, BR board member for industrial relations, said it was "not a satisfactory basis for continued running of the system." Such a solution would, according to BR, have a damaging impact on the new "Trainman" concept, which establishes a line of promotion between guard and driver.

Lord McCarthy was particularly impressed with evidence from the white-collar Transport Salaried Staffs Association, which set in context the savings expected from flexible rostering. The TSSA compared the £12m which it should save over the next five years with the saving of £65.5m from the 14,000 jobs cut between May 1980 and December 1981.

Lord McCarthy was suggesting that flexible rostering was not such a crucial issue that it would prevent BR from going to the Government for further investment. There were heated exchanges on this point between Lord McCarthy and Mr Rose. The latter said that Lord McCarthy's "oversimplified" questioning was "offensive" and "not helpful."

Sit-in halts Massey tractor assembly

By Arthur Smith, Midlands Correspondent

A SIT-IN protest by two wages clerks has halted tractor assembly at Massey Ferguson's Coventry factory yesterday and prompted a management warning about the future of the company.

Mr Michael Hoffman, president of the farm and industrial machinery division, said last night: "Not only are the people involved acting outside a recognised procedure but their action in halting production threatens Massey Ferguson's survival in a fiercely competitive farm-machinery market."

The company is seeking a cut of 725 jobs at its Banner Lane plant by the beginning of next month. Because of the depressed world market, it says the reduction is crucial to cutting costs and remaining competitive.

The two wages clerks are thought to be protesting against the company not implementing a first-in, last-out policy of redundancy.

According to one shop steward: "The two chaps have been with the company a long time. They each put a chair on the end of the two assembly lines and just sat there."

About 500 assembly workers were made idle, but made no protest. "That is not the way we do things," the shop steward said.

Talks with the staff unions over 250 redundancies among the white-collar workers are progressing. But trouble is threatened over cutting 475 jobs among manual workers.

A meeting of the 3,700 production workers voted for short-time working or job sharing, rather than redundancies.

Equity split over state ballot funds application

By John Lloyd, Labour Editor

EQUITY, the actors' union, is to face an internal revolt against its controversial decision to apply for state funds for its ballots.

A group of Equity members is putting an emergency motion to the union's annual conference, which begins on April 4, demanding that the executive reverse its decision to apply for the cash.

Senior officials of the union have already had informal talks with the TUC over the issue. It is the only affiliated union to break ranks on the issue, and its comes at an embarrassing time for the TUC which is seeking maximum unity in its preparations to mount its biggest campaign yet against the Government's forthcoming employment legislation.

These informal discussions have not yet resulted in any change in Equity's position. Officials believe the union will not come under serious pressure until after the special conference of union executives called to discuss the anti-Government campaign on April 5.

Among other recommendations, this conference will be asked "not to seek or accept public funds for union ballots under the 1980 Employment Act ballot funds scheme." Mr Len Murray the TUC General Secretary has made it clear that any dissenting union faces possible suspension or expulsion.

The latest issue of the union's journal explains why its executive decided to apply for the funds. Mr Peter Plouviez, its general secretary—who is thought to be opposed to his executive's decision—says that the deficit last year was £100,000 and the expected deficit in the current year will be £250,000.

The TUC's employment committee will today start preparing plans for extending its campaign against the Government's employment legislation, which includes financial help for unions legally attacked.

Heathrow strikers vote today

BY JOHN LLOYD, LABOUR EDITOR

BAGGAGE-HANDLERS at Heathrow will be urged by union officials today to continue their month-long strike over new working practices.

The handlers' mass meeting is on the first day on which British Airways tries to run all its domestic flights. The airline claimed yesterday that it had run 90 per cent of these flights

BA says that the system of baggage-handling by "volunteers" from other sectors of its workforce is running so smoothly that it can cover all the work normally done by the handlers.

These workers receive no extra money if they cover for the handlers in their own working time, but receive the overtime rate for their rates of pay in their own time.

The airline's claim that it had covered the effects of the strike was disputed by Mr Ron Todd, national organiser of the Transport and General Workers' Union, which organises the baggage-handlers. Mr Todd said that BA was not carrying mail or freights, and that baggage was being held up.

Mr Todd said that he would recommend continued action today because the airline had refused to compromise in any way.

The union had offered immediate negotiations on the changes in working practices with a view to agreeing on them within 21 days, so long as BA meanwhile conceded a return to the status quo before the new practices.

BA says it will not return to the status quo because:

● About 300 of the 2,000 handlers have taken early retirement or voluntary redundancy since the dispute began. Therefore, says the airline, there is no possibility of going back to the previous position.

● Negotiations between the management and the handlers went on for six months without agreement on new practices.

● While BA concedes that it is losing on post and freight, it now claims to be meeting its passenger schedules.

Vauxhall plant faces bonus action

By Our Labour Editor

WORKERS AT Vauxhall's largest UK plant, at Luton, voted yesterday for industrial action in two weeks if the company did not improve its bonus scheme.

Union officials say that the scheme paid only 50p to the 7,600 manual workers last week, though production of the Cavalier range had gone up from 29 an hour at the end of last year to 35 an hour.

Manual workers at the Dunstable and Ellesmere Port plants have also expressed disatisfaction with the scheme, but have not yet threatened action.

Mr Jim Lambert, deputy convenor of the Transport and General Workers Union at Luton, said yesterday that the workers wanted a scheme which was related to effort, and not affected by delays caused by the company.

● Talbot last night laid off another 2,200 workers at two Coventry plants because of a strike by 190 paint shop workers. About 1,400 workers have already been laid off at the Ryton assembly plant.

Duffy plea on technology

FINANCIAL TIMES REPORTER

A SENSIBLE approach to new technology could lead to unprecedented prosperity and peace, Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday.

"Failure to accept the challenge of new technology would be to sabotage our national future," he told the union's youth conference at Eastbourne. It must be used to benefit mankind, however, and the working week should be cut by 10 per cent over five years to meet the challenge of industrial robots.

He suggested an international trade union campaign to cut the working week to 26 hours by the year 2000 and urged workers to share available man-hours, stressing that people must be given the chance to work.

He recognised fears that new technology would affect some workers' livelihoods but said fear was often the forerunner of intelligence and that he believed resistance to new technology would damage the chance to create the wealth needed to improve society, in industrialised countries

Computer deal vote taken

THE EXECUTIVE of the Civil Service Union, which represents Civil Service manual grades, has voted against accepting a two-year deal to introduce computerised equipment into the service, writes our Labour Editor.

The executive threw out the deal by 10 votes to seven. It was swayed by fears a large number of its members would be made redundant once new technology took a firm hold.

Studies have shown that its messenger section, containing 12,000 of its 45,000 members, could suffer heavily when electronic communications replace paper messages.

Its opposition will be insufficient, however, to stop a two-thirds majority voting in favour of the deal at the full Council of Civil Service Unions meeting tomorrow. Only the Society of Civil and Public Servants, with 11 council seats, will join the six-seat CSU to vote, against a majority with 46 seats on the 63-member council.

Mr John Randall, CSU assistant general secretary, said last night the decision's significance was that the Government must take account of opposition and recognise why opposition existed.

If the Government wanted to implement the deal in the spirit as well as the letter, it must ensure it was not just another means of reducing manpower.

TECHNOLOGY

EDITED BY ALAN CANE

Telecom open-line on credit cards

BY ALAN CANE

A SPECIAL telephone which can be used to check the validity of all usual credit cards is to be marketed by British Telecom.

An announcement yesterday that BT has satisfactorily evaluated and agreed to buy substantial numbers of the new telephone marks a significant step towards the "cashless society" in the UK.

While the use of credit cards is growing rapidly—the number of Access card holders increased by 11 per cent last year—credit card companies are seriously worried by credit card crime. Access and Barclaycard between them lost more than £7m last year because of the fraudulent use of plastic cards.

The new telephones—transaction telephones as they are called—are widely used in the U.S. and offer the best protection yet against credit card crime.

Widespread use here would usher in the era of "zero floor limit" credit, where the value of a transaction is limited only by the purchasers ability to pay—or agreement with the credit card company.

Late last year it looked as if the first transaction telephones in the UK would be installed by Dunhill, the tobacconists, using Taltek devices from Unilever Computer Services (this page, July 23). The Taltek telephone is still undergoing BT validation.

The new BT arrangement opens the way for every retailer who deals with credit card customers to instal a transaction telephone.

The BT device, developed by Racal-Transcom and called the TCL 100, was finally approved by BT some four weeks ago. It intends to buy, initially, 300 of the devices with deliveries starting in May.

American Express has already indicated it will take the first 100 for its own retailers. The cost is expected to be in the region of £400-£500 per terminal.

Racal is the first of a number of manufacturers developing these devices for the UK market to win full BT approval; but given the potential size of the market there is expected to be no shortage of suppliers.

What does a transaction telephone do? Essentially, it dials automatically through to a card issuer's computer centre to establish whether a card is valid or not and whether the user's credit limit has been exceeded.

It resembles a modern touch tone telephone and it works like this: The buyer presents his or her card at the point of sale. The sales clerk "swipes" the card through a special slot in the terminal and types in the value of the purchase.

The terminal identifies the kind of card—Amex, Access or whatever—and displays the name on a small screen. It also initiates a telephone call to the issuer's computer centre. There, computer software receives the data from the terminal, checks that the card is valid, and it has not been stolen and that the credit limit has not been exceeded.

If all is well, the computer centre sends a message back to the terminal to indicate the purchase can proceed together with a transaction number which the sales clerk writes down manually.

The procedure is, in fact, no different from the telephone validation procedures used now but it is automatic, and fast.

Delay at the check-out is known to be one of the principal reasons why customers find electronic funds transfer systems unacceptable.

If there is a problem—the card is out of date, stolen or forged for example—the terminal sets up a telephone conversation between the card issuer and the card holder.

The telephone works over either the public switched network or BTs new packet switched data network, PSS. This is fast, low cost and efficient.

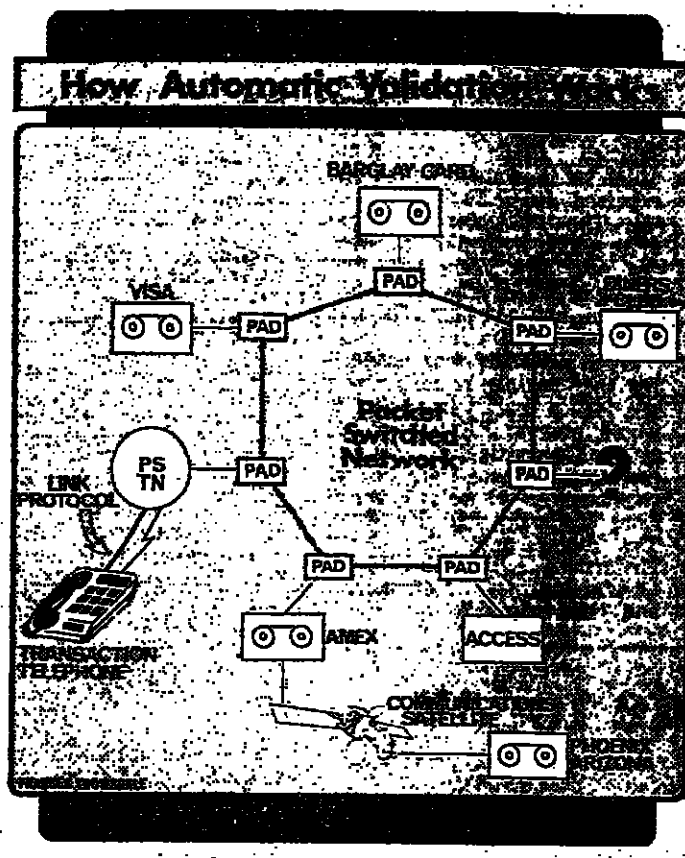
BT is already finding greater use for this network, which splits data into a number of little packets each with an address and sends them through the network by the most economical route, than it expected.

In the case of Amex, once validation messages have been received at its UK computer centre, they are then passed on by satellite for verification at its main centre in Phoenix, Arizona.

Racal says that its new terminal will be compatible with more advanced and sophisticated systems of electronic funds transfer now under development.

British Telecom (01-357 3814); Racal (0734 782158).

The Racal TCL 100 credit-checking telephone now approved by British Telecom.



The transaction telephone sets up a call to the issuer's computer centre routing the call through the public switched network to a PAD (packet assembler/disassembler) where it enters the packet switched network. The call reaches the issuer's centre; in the case of Amex it is further routed by satellite to Arizona.

Ultrasonic test system

A MULTI-PURPOSE ultrasonic test system designed to locate areas of corona discharge from power lines, electrical equipment or leaks from air or gas-pressurised installations has been introduced by Foster Transformers.

Sontec contains a battery-powered control unit with meter, loudspeaker, ultrasonic transducer, directional pick-up horn, sound concentrator and headphone set.

Foster Transformers is part of the test and measurement operation of Thorn EMI and can be contacted at Archliffe Road, Dover (0304 202620).

Television-based inspection system

BY GEOFFREY CHARLISH

MARKETED BY BFI Electronics of West Molesey (01-941 4066) and made in the U.S. is a television-based piece-part inspection system which can be built up using hardware and software options to suit almost any industrial application.

Basically, the system looks at the silhouettes of parts in X and Y directions and from stored scanning line data is able to make accurate dimensional checks. For repeated checking of similar parts the results are independent of the operator and the system can be made fully automatic under program control.

Apart from 100 per cent inspection tasks, the equipment, called Videometrix, can be used for automatic alignment, vision for robotics and similar manufacturing/test purposes.

Various lenses can be supplied to suit the size of the measured objects, which can be from about 0.01 inch to one inch across, filling the screen. Accuracies to 0.00002 inch are claimed.

If necessary the unit can be connected via RS-232C or an IEEE-488 bus to external data handling/processing devices. Hard copy records can be provided.

Webtec valve solution for hydraulic flow

WEBTEC HYDRAULICS of St Ives has developed a new valve which, it claims, provides a hydraulic solution to the problem of keeping two cylinders, or motors, in close unison when the loads on them are unequal.

The value is a proportional flow divider/combiner. It divides a single hydraulic flow into two separate flows which will always be in the same ratio to each other regardless of pressure differential between the two lines.

What can you use it for? Crop sprayers, to allow boom sections to fold and unfold in unison, demountable truck bodies and conveyors, are three uses.

Webtec can give more examples on 0480 63203.

Alpha numeric display for hazardous areas

A NEW two line alpha numeric display unit from SPL International should prove particularly useful where manual intervention is necessary in hazardous environments such as at filling and discharge points in the polymer, paint, petrochemical and pharmaceutical industries.

As well being flame proof, with an armoured viewing window, it is also hose-proof and so is suitable for installation where washing down is essential.

The display uses light emitting diodes, with two lines of 16 characters each, which can be split into fields that can be updated independently. An onboard microprocessor provides cursor addressing.

Called FD 100, the display is driven in ASCII code on a 20 mA current loop at speeds up to 9600 baud. The simple serial line drive eases interfacing to a computer serial output port and needs only minimal programming. SPL is on 01-636 7833.

New booklet

ADDISON Tool Company of Acton, London, has produced a 16-page booklet describing its range of "Form-Master" tube end forming machines.

The description covers the four basic models with capacities up to 100mm O/D tube and its high performance 35mm capacity machine. Detailed specifications and illustrations of configurations available are illustrated. (0772 34511 for details or copies).

'Sweetlips' computer from HP

UP AT the top end of the personal computing market, Hewlett Packard has introduced the HP-87, a machine with a basic price of £1,650 that has a high resolution 80 column text with graphics display.

The machine employs HP's "enhanced" basic language, can also use CP/M via plug-in module and has a user memory that can be increased from the built-in 32 kilobytes to 544 kB. A 32k module costs £195, 128k sells for £525.

Resolution

HP says it has software solutions to many typical problems facing professionals in science, engineering and business. Softfare "pacs" include graphics, statistics, AC circuit analysis, and financial decisions.

Although simpler printers can be supplied, HP has also announced a two colour high resolution plotter for £969 that can be used with the new personal computer. It plots at 15 in/sec on an 11 x 8½ inch area and weighs only 12.5 lb. Curiously, the HP7470 has been dubbed "Sweetlips" by the company.

Shower aid for disabled

AS THE Chancellor increased the mobility allowance for the disabled, free of tax, a Rugby, Warwickshire, company has announced a shower enclosure to improve access for people who need to use a wheelchair or who have to be carried.

Showermed incorporates sliding door panels so that in the event of an emergency a prostrate body will not restrict entry. Each door is wider than normal so that wheelchairs can enter easily, while a special track has gently sloping non-slip edges. The safety screen material is shatterproof.

Full details are available from Showerlux, 52, Somers Road, Rugby (0788 71476).

FT COMMERCIAL LAW REPORTS

Fidelity insurance for acts of non-employees

EXCESS LIFE ASSURANCE CO LTD v FIREMANS INSURANCE CO OF NEWARK

Queen's Bench Division: Mr Justice Webster: March 11 1982

WHERE a fidelity insurance policy in a New York form covers the dishonest acts of the assured's "sales representatives and general agents," those words should be construed in accordance with New York law when applied to English facts; and the assured is covered for the dishonest acts of persons who come within the meaning of the words so construed, even though they may be the employees or agents of another.

Mr Justice Webster so held when giving judgment for the plaintiff, Excess Life Assurance Company (Excess) in its claim to be indemnified by the defendant insurers, Firemans Insurance Company Ltd. of Newark, N.J., for loss suffered through the dishonest or fraudulent act of persons who, by agreement, sold life insurance policies on behalf of Excess.

* * *

The New York stockbrokers' Blanket Bond policy standard form No 14 provides: "The underwriter . . . is . . . to indemnify . . . the insured for: *Fidelity* Loss through any dishonest or fraudulent act of any of the employees . . . The limit of liability is $10m."

The relevant rider to the policy provided. "The total liability of the underwriter . . . with respect to any loss . . . caused by . . . sales representa*tives and general agents* is limited to . . . $1m, it being understood however, that such liability shall be a part of and not in addition to the amount of the bond."

*

HIS LORDSHIP said that between 1968 and 1974 Excess sold life insurance through a group of natural and legal persons who called themselves insurance brokers. Excess made "agency appointment" agreements with members of the group under which those members placed life insurance policies on its behalf in return for commission. Unknown to Excess the group paid the premiums themselves on sham policies.

Payment of the premiums began to lapse in 1974, and by the end of that year the companies in the group were wound up. As a result of the group's dishonest or fraudulent act Excess lost the difference between commissions paid and premiums received.

Excess was insured for the dishonest or fraudulent acts of its employees under a fidelity Blanket Bond on standard form No. 14. The policy contained a rider, or endorsement, which provided that the insurers' liability was limited in respect of any loss caused by "sales representatives and general agents."

In the present action Excess sought to recover from the insurers the loss suffered as a result of the dishonest or fraudulent act of the group.

"Employees" was defined in the policy as including employees as ordinarily understood. The group's members were not Excess employees. However, Excess contended that the effect of "such liability shall be a part of and not in addition to the amount of the bond" in the rider, was to extend the cover to sales representatives and general agents who were not employed by Excess.

*

The insurers contended that the rider did not extend the cover, but merely limited their liability with regard to Excess's employee sales representatives or general agents.

The bond was subject to the law of the State of New York. By that law, unless the words of an insurance contract were ambiguous, no extrinsic evidence was admissible for the purpose of construing them.

It was necessary to look at the bond as a whole, and in particular at the parts relevant to the construction of the rider. The effect of the rider, properly construed, was to limit the insurers' liability for sales representatives and general agents who were employees of Excess. It did not extend their liability to sales representatives and general agents who were not employees of Excess.

Excess claimed to be entitled to have the bond rectified so as to give the rider the extending effect for which it contended.

By the law of the State of New York, rectification would be ordered where the parties had, by mutual mistake, failed to set out their mutual intention. Extrinsic evidence was admissible as to the mutual intention of the parties, and convincing proof was required.

His Lordship was satisfied on the evidence that it was the mutual intention of the parties to the bond that it should have the effect for which Excess contended. Excess was entitled to have the rider rectified by adding the words so that it had an extending effect as distinct from merely limiting liability.

The issue then was, what was the proper construction of "loss through or caused by the dishonest or fraudulent act of sales representatives or general agents?"

After considering the evidence as to the use of "sales representatives" and "general agents" in the life insurance industry in the U.S. generally, and its meaning under the law of the State of New York, his Lordship found that "sales representative" in the rider meant a natural person who was a representative or agent of another legal person (whether natural or not), engaged to sell something on behalf of that person, whether employed by him or not.

"General agent" meant a legal person, natural or otherwise (usually but not invariably an independent contractor), engaged to sell or market insurance on behalf of an insurance company; he stood "on the insurance company's side of the fence" as distinct from that of the policy holder, and often, but not invariably, had an obligation to recruit and train salesmen; he was sometimes an agent for more than one insurance company, though rarely for more than two; and he might, but not necessarily, have exclusive rights over a particular territory.

Having regard to that construction of the bond and the rider, Mr Phillips, for Excess, submitted that the group members were Excess's general agents, and that individual employees within the group were sales representatives.

Mr Hamilton, for the insurers, relied on the fact that the group members were insurance brokers and that, as a matter of law, insurance brokers were always agents of the assured and not of the insurer.

*

The position on the authorities was that, if a person acted on behalf of two parties to the same transaction without their fully-informed consent, he took the risk of being in breach of his duties to either or both of the parties should a conflict of interests arise. Consequently, even if the group were agents in some respects for the holders of the sham policies, that would not preclude their acting as agents for Excess, or from deciding that they were "on Excess's side of the fence."

There was nothing in English law and practice which was inconsistent with the group's being Excess's agents, even if they described themselves as brokers. They sold insurance on Excess's behalf, directly or through salesmen, to the "policy holders." They were thus "general agents" within the meaning of the bond, and the individuals they employed who introduced "policy holders" to Excess, were Excess's "sales representatives."

Excess was entitled to be indemnified by the insurers in accordance with the terms and limitations of the policy.

For Excess: Nicholas Phillips QC, V. V. Veeder, and Victor Lyon (Freshfields).

For the insurers: Adrian Hamilton QC and John Thomas (Barlow, Lyde & Gilbert).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THE IRISH bid for Cheltenham's most valuable prizes of the season continues with remarkable strength on this second day of the Festival meeting, and it is by no means impossible that only the Coral Golden Hurdle final, which does not have an Irish runner, will fall to an English stable.

In the £30,000 added Queen Mother Champion Chase Ireland's 25-1 winner of a year ago, Drumgora, is backed up by Chinrulla, The Mighty Mac and, quite possibly, Run With Pride. In the only marginally less well endowed Sun Alliance Chase, Drumlargan and Fenian Gold represent the Emerald Isle.

The presence of Richdee, a fourth priced favourite who seeks a nap-hand in the Sun Alliance Chase, will ensure that Drumlargan goes off at reasonable odds, and he strikes me as a particularly good win and place bet. Although beaten on merit by Neville Crump's six-year-old in Ascot's Reynoldstown Chase, Drumlargan has a fair chance of reversing that placing on far more searching ground, despite meeting his conqueror on 4 lbs worse terms for a three lengths beating.

Drumgora gave Ireland her 14th Champion Chase success in the last 23 years when he outstayed the odds-on Anaglogs Daughter in glue-like conditions last season. He should not trouble News King on their recent running in Newbury's Game Spirit Handicap.

Angelo Salvini, who was none too clever at a couple of hurdles when initiating a double at Huntingdon last month, is sure to be a popular order among English backers for the opening Sun Alliance Novices Hurdle.

CHELTENHAM

2.15—Direct Call**
2.50—Drumlargan***
3.30—Drumgora
4.05—Bristol Blue*
4.40—Door Step
5.15—Templemills

GARDENS TODAY

Planting without tears or puddles

BY ROBIN LANE FOX

DURING THE next fortnight, gardeners will be weighing up their losses, creeping out of their winter shelters and wondering how best to plant in their many new gaps.

Most of us make life more difficult by starting to garden too late. My usual advice to those who want less bother from the garden is to pack in the work on it between mid-February and mid-March. This year the rains have put paid to that.

My neighbour is already sowing early peas, having dug his entire plot at the age of 75 as if the snow and floods had never existed. I am still waiting for a dry, calm spell, in which I can spray my weedkillers everywhere, a short cut which he ignores. If you are just dusting down the mower and wondering about the weeds on a half-acre plot, you are already, in my view, too late.

Late planters, however, have had the best of it this year. Recent seasons have caught them out with dry late springs and early summers. Last year, heavy snow paid a brief return visit in mid-April. This time, the weather has already been so hard that the delayers cannot possibly lose.

Last autumn I was planning a broad sweep of cistus, my favourite hebe called hulkeana among a big drift of silver leaves. Postponing delivery until the spring, I found that the entire planting had died on the nurseryman's ground at his expense, sparing me a very heavy loss.

Good replacements are now coming up from Cornwall and the south-west for these moderately hardy shrubs, the backbone of counties' gardens. By April, they will be back in force in the garden centres, so long as you can pay for convenience and impulse buying.

Planting then becomes an important art for gardeners in early spring. This year, the rains have made the soil very difficult. If you want to plant into the back of a flower bed, remember that you can walk on wet soil without damage if you lay a plank across its surface. The plank spreads your weight so that it does not pack the soil underneath into a lump.

On clay or wet soils, planks are the spring planter's best friend. If you trample on heavy soil at this season, you risk all manner of trouble if the weather then turns dry.

Armed with your planks, you should also avoid treading earth or weeds into paths or lawns. Before you build up a big heap of rubbish, you should always put down a sack or polythene sheet so that you do not transfer the problems from the flower beds on to their surrounds.

Wherever you drop earth on a path or grass, you will encourage weeds. The white roots of bindweed will root wherever they fall, so please remember this simple check on the many slips between bed and barrow.

Take a sheet, then, some planks, a day off work and consider yourself nearly ready to plant. Many gardeners still make an awful mess of this basic task. They plant too closely and too quickly and do not know how to please a root.

Two principles apply anywhere. Fit the size of the hole to the root, not the root to the hole. Always plant firmly against the wind and rain which will loosen your new arrival. Roots will grow, but seldom move from their original positions.

Trees and hedges seem to bring out the worst in us all. Very few gardeners prepare the sites properly and they then complain about slow progress. You have only to watch a young yew hedge to see the rewards of feeding and preparation. For a new hedge, you should dig a trench at least 3 ft wide and fork rotted manure into the second spit of soil before planting.

This second spit is the depth of a spade's blade, exposed when you turn over a similar depth above it. You should stagger your line of yew a foot and a half apart, no closer.

Try to top dress the surface area of its roots with two ounces of nitrate of soda to each yard, applied in spring. The roots may have run quite widely into your surrounding lawn, so you must scatter the soda around. If you spend enough time and money you will find that yew, the prince of garden hedges, grows a comfortable 6 in each year and excels that horrible cypress Leylandii, the resort of gardeners in a hurry.

Similar care is relished by beech, thorn, box and especially thuya which flourishes in deep soil. I hate to see a thin ribbon of hedging plants clapped into grass with only a six-inch clearance between their stems and the lawn. They starve, dry out and draw a mass of weeds into their base. You cannot plant a hedge in a day, least of all if you want quick growth.

Nor, I think, can you move much more quickly with trees. There is a classic error here. You read my advice, hire a digger and cut some deep and wide holes, over 6 ft in diameter, for trees which the nurseryman is planning to deliver. The rain then pours down and leaves an irremovable pond at the level of the subsoil.

I remember just such a fate in a joint venture, planting chestnuts and white beans near Luton, on which a hard pressed contractor had jumped my arrival date and left me with 30 trees and 3 ft of water in their holes.

Depth, however, is necessary for planting a tree properly. It should arrive with wide and long roots if you harass your supplier and avoid all bargain offers. They must not be bent or tangled. You should hold them above the bottom of your hole and spread them out across its diameter slipping a few spadefuls of soil underneath and then anchoring them as you progress. Have some rich compost to hand which you can replace in stages treading it firmly round the lower roots' pattern. Avoid air-pockets at this level.

When the main roots are covered, build up to soil level, but if the ground is heavy, no longer tread the upper earth too hard. The tree will be held firm at the root and drainage on top becomes more important.

Only if you are planting small alpines or border plants should you deliberately fill the hole with water before you begin. In a small hole, the water will drain quite quickly. In a dry spring, this "puddling" will make up for many cans of water after the event.

Finally, be sure you know the limits of peat. Everybody tries to flog it to you, but it has no value as a food. It is a spongy and acid base for a compost which would suit rhododendrons. Its sole use is to lighten and open heavy soils so that you can work them freely and the roots will breathe. If you plant during spring in peat only, your plants will dry out and go short of food.

Mix peat with manure, loam and other fertilisers and you will do the garden no harm. Peat is not a cure for many problems and planters coped for centuries without its supposed advantages.

TELEVISION

Chris Dunkley: Tonight's Choice

Not a bad night for revaluing your George VI British Colonials, or sticking those photographs into that album. If you must watch television Masquerade on BBC-1 is a 1965 British film with Jack Hawkins playing secret agent Colonel Drexel abducting the heir to an Arab state. Not the worst spy movie ever made. Chronicle on BBC-2 is written and directed by Ivor Noel Hume, who made his name excavating Williamsburg, Virginia. He subsequently turned his interest to an earlier site which has much to tell about the "dark ages" of the English colonial expansion into America.

The evening's most entertaining programme is almost sure to be ITV's Minder.

If that is not to your taste and you refuse to go out to dinner you will simply have to listen to some promising bookish programmes on radio. VN: The Great Enchanter is a critical assessment of Vladimir Nabokov on Radio 3. Have You Read Mrs Trollope? recalls the publication of Fanny Trollope's scathing book about the Americans in 1832 on Radio 4, and among the items in Kaleidoscope is my own review of Alistair Cooke's "Masterpieces." I did say it was a good night to go out.

BBC 1

6.40-7.55 am Open University (UHF only). 9.05 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Chigley. 2.01-3.00 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 Grandad, starring Clive Dunn. 5.35 Ivor the Engine.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Rolf Harris Cartoon Time (London and South East only).
7.20 Wednesday Film: "Masquerade," starring Cliff Robertson, Jack Hawkins and Marisa Mell.
9.00 Party Political Broadcast by the Labour Party.
9.05 News.
9.30 Sportsnight: European Football: Highlights from tonight's European action; Boxing: Carlos Hernandez (champion) v Cornelius Boza Edwards (challenger) for the Junior Light-weight Championship of Europe.
10.58 News Headlines.
11.00 Parkinson.

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
2.00 pm Racing from Cheltenham.
4.20 The Spirit of Carnival.
5.10 Personal Identity.
†5.40 Laurel and Hardy in "Me and My Pal."
6.40 The Water Margin.
6.45 The Making of Mankind.
7.35 News Summary.
7.40 The Master Game.
8.10 Chronicle.
9.00 Party Political Broadcast by the Labour Party.
9.05 M*A*S*H.
9.30 Nancy Astor.
10.20 Out of Court.
10.50 Newsnight.
11.35 Racing from Cheltenham (highlights).

LONDON

9.30 am Schools Programmes. 12.00 Windfalls. 12.10 pm Rainbow. 12.30 Movie Memories. 1.00 News, plus Financial Times Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Mary Parkinson and Ray Avila. 2.45 The Six Million Dollar Man. 3.45 Definition. 4.15 Dr. Snuggles. 4.20 Animals in Action. 4.45 Murphy's Mob. 5.15 Mr Merlin.
5.45 News.
6.00 Thames News.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 This Is Your Life: Eamonn Andrews has a surprise for another unsuspecting guest.
7.30 Coronation Street.
8.00 Starburst.
9.00 Party Political Broadcast by the Labour Party.
9.05 Minder, starring Dennis Waterman and George Cole.
10.05 News.
10.35 "Damnation Alley," starring Jan-Michael Vincent, George Peppard and Dominique Sanda.
12.15 am Close: Sit Up and Listen with Dr Anthony Storr.

†Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 2.45 Trapper John. 5.15 Happy Days. 6.00 About Anglia. 12.15 am The Big Question.

BORDER
1.20 pm Border News. 2.45 Bracken. 5.15 Radio. 6.00 Lookaround Wednesday. 12.15 am News Summary.

CENTRAL
1.20 pm Central News. 2.45 The Last of Summer. 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 12.15 am Replay: "Dragnet."

CHANNEL
1.20 pm Channel Lunchtime News, What's on Where and Weather. 2.45 Trapper John. 5.20 Crossroads. 6.00 Channel Report. 6.30 Bailey's Bird. 9.00 Life in France. 10.33 Channel Late News. 12.15 Election '82: The Guernsey Election for Deputies followed by Epilogue and News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 The Great Depression. 5.15 Private Benjamin. 6.00 North Tonight. 12.15 am North Headlines.

GRANADA
12.30 pm Mr and Mrs. 1.20 Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 The Sound of Kenneth McKellar. 2.45 The Great Depression. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 10.35 "A Severed Head," starring Lee Remick and Richard Attenborough.

HTV
1.20 pm HTV News. 2.45 Fantasy Island. 3.45 The History Makers (The Crusades: Saints and Sinners). 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Sing a Song with Me. 10.35 HTV News.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Ty Bach Twt. 4.15 Mr Merlin. 4.45 Y Rheilffordd Gudd. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
1.20 pm Scottish News. 1.30 A Full Life—Lord Montague of Beaulieu. 2.45 The Great Depression (Germany — From Weimar to Hitler). 5.10 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Sounds Gaelic. 12.15 am Late Call.

TSW
1.20 pm TSW News Headlines. 2.45 Trapper John. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 A Day in the Life — of Beryl Cook. 10.37 TSW Late News. 12.15 am Postscript. 12.20 South West Weather.

TVS
1.20 pm TVS News. 2.45 The Great Depression: America. 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 12.15 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs are. 2.45 The Love Boat. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.36 North East News. 12.15 am Free Church Congress.

ULSTER
1.20 pm Lunchtime. 2.45 The Great Depression (Germany: from Weimar to Hitler). 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 8.00 The Entertainer. 10.34 Ulster Weather. 12.15 am News at Bedtime.

YORKSHIRE
1.20 pm Calendar News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(S) Stereophonic broadcast

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Andy Peebles. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).
VHF RADIOS 1 AND 2—5.00 am With Radio 2. 8.00 pm Alan Dell with Dance Band Days. 8.30 The New Swingle Singers (S). 9.00 The Folk Entertainers (S). 9.30 Sounds of the Sun (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 With Radio 2.

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Don Durbridge, including Racing from Cheltenham (S). 2.30 A Party Political Broadcast by the Labour Party. 4.00 David Hamilton (S). 5.45 News. Sport. 6.00 John Dunn (S). 8.00 Football — Boxing Special. 10.00 You've Got to be Joking, with Cardew Robinson. 10.30 Be My Guest, says Margaret Howard. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Rameau (S). 10.00 Ulster Orchestra (S). 11.30 Bernadette Greevy, song recital (S). 12.05 pm New Irish Chamber Orchestra (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Tchaikovsky, concert (S). 3.30 Howard Ferguson: Performance of his Piano Sonata Op.8 (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 V.N.: The Great Enchanter: Denis Donoghue presents a critical assessment of writer Vladimir Nabokov. 8.00 Barshai Conducts Beethoven: Concert from the Royal Festival Hall, part 1 (S). 8.40 Six Continents. 9.00 Concert, part 2: Beethoven (S). 10.00 Discords of Good Humour. 11.00 News. 11.05-11.15 Gerard Victory (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Henry Kelly (S). 10.00 News. 10.02 Gardeners' Question Time visits Bedfordshire. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 It Makes Me Laugh. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.35 A Party Political Broadcast by the Labour Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour Visits India. 3.00 *News.* 3.02 *Afternoon Theatre.* 3.50 Smith Invades the Capital. 4.00 Little Tich—Giant of the Halls (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Have You Read Mrs Trollope? 8.30 Letter From A Turf Bog. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Detective. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

"Bonus rates high by any standard."

REVIEW BY THE CHAIRMAN, MR A. M. HODGE

To be presented at the Annual General Meeting on 23rd March 1982.

U.K. New Premiums up 52%. Investment Linked Bonds Perform Well. Pensions Business Increased. Stronger Valuation Basis.

UNITED KINGDOM AND REPUBLIC OF IRELAND

Assurance Business

Although inflation in the U.K. was lower in 1981 than in 1980 it still remains frighteningly high. The economic recession is still with us and the number of unemployed has reached an all time peak. Given these conditions it is especially creditable that the year's results have once again been so good. The total premiums (single and annual) on new business in the U.K. were 52% higher at £63.5m. In the Republic of Ireland the total premiums on new business increased by 147% to I£16.3m. due largely to the continuing success of our Guaranteed Growth and Income Bonds.

Our decision to offer investment linked contracts continues to be amply justified and our bondholders have good reason to be pleased. This is shown by the following table, which compares the changes in the unit prices of the various Investment Bond funds over the period from inception on 29th October 1979 to 15th November 1981, with the corresponding changes in the appropriate market indices.

FUND	Change in Unit Price %	Change in Appropriate Market Index %
Managed	+40.9	–
Property	+35.6	–
Equity	+59.1	+30.8
International	+56.5	+27.7
Fixed Interest	+14.7	+10.5
Cash	+20.8	–

The investment linked funds we manage stood at over £42m. at 15th November 1981.

Valuation Regulations

After much discussion between the authorities, the actuarial profession and the Life Offices Associations, the Insurance Companies Regulations 1981 (whose prime purpose is to make the U.K. conform with the E.E.C.'s first life assurance directive) have at last been published and they come into force during 1982.

Until now the authorities have exercised financial control over life assurance companies through the requirement that we publish details of the amounts of our business and the basis of its valuation. The principle of freedom with publicity has served well since it was instituted in 1870. At the next valuation, for the first time, we shall have to ensure that the value we put on our liabilities is no less than if calculated on a minimum prescribed basis in addition to which we must add a margin for solvency–the total of course being covered by our assets. We must also ensure that our assets are, by and large, in the same currency as the liabilities they support.

These are, in principle, prudent measures and ones we have always taken so that we do not feel restricted by their introduction. Until now, however, reliance has been placed by the authorities on the actuarial profession rather than on regulations. This has resulted in the twin advantages of a closer supervision and a better return to the policyholders. A flexible arrangement need be no less responsible and can avoid too small a solvency margin in some cases and one that is too large in others. Without this freedom there is the danger that inflexible supervision might place so much emphasis on the form of protection for policyholders that the scope to earn bonuses on their behalf becomes unduly restricted. I hope that the authors of future E.E.C. directives will prefer a harmonisation closer to the professional freedom that has been permitted in the U.K. and that has worked so well.

Pensions Business

Our pensions business has again increased. The total premiums for insured contracts were £133m. compared with £121m. last year. This is a particularly good result considering the unusually large number of redundancies, the lower levels of salary increases and the continuing trend towards managed funds.

There was a satisfactory increase too in our managed funds, a facility we have now extended to the Republic of Ireland. Total deposits into managed funds were £51m. compared with £44m. last year, and the funds totalled £354m. at 15th November 1981.

The terms for schemes contracted out of the U.K. State Scheme which will apply from April 1983 have been reviewed by the Government Actuary. These terms include the reduction in National Insurance Contribution to allow for the fact that the employer with a contracted out scheme provides part of the pension which would otherwise be provided by the State. The reduction is periodically changed to reflect both the amount of the corresponding pension and also its assessed cost to the employer. The fact that the terms can periodically be adjusted helps to ensure neutrality between those contracted in and those contracted out. The choice between contracting in and contracting out should therefore depend mainly on the achievement of good industrial relations and administrative simplicity.

During the coming year we will be extending our services by organising pre-retirement courses for employees approaching retirement and by providing secretarial and accounting support to trustees. We have recently installed a large new IBM computer considerably more powerful than the machine it replaces and the first of its kind in Scotland. We will be making increasing use of its extra power to enhance the administration of our group schemes.

Investment

During the year we invested £107m. in fixed interest securities, £101m. in ordinary shares and £43m. in property. We have continued to invest in property and most of this has been through development, as we expect this to provide a higher yield than is generally available by purchasing completed buildings on which the yields are now low in comparison with other investments. The total value of our properties in the U.K. and Republic of Ireland is £603m.

There is no doubt that there is now a need for an upsurge in capital expenditure in the U.K. There must be many who would be prepared to borrow money to finance such projects were it not for the fact that the current high interest rates, their size justified by the need to compensate the lender for loss of capital, effectively require the borrower to repay substantial amounts of the loan with each interest payment. Until it becomes practical for companies to issue index-linked debentures it must remain difficult or impossible in present conditions to finance capital projects this way. Hence companies have little option but to finance projects by raising equity capital. We have ourselves invested in new companies by way of such concerns as Melville Street Investments. At least as long as such companies exist there need be no lack of equity finance for worthwhile projects.

CANADA

New Business

Activity in life assurance and pensions business in Canada has slowed down in recent months for various reasons. The economy has turned down and a major recession grips the country. The Government have not yet made known their intentions regarding State Pensions and the resulting uncertainty has hindered employers from introducing or making changes to pensions schemes. The proposed budget announced late last year aims amongst other things to introduce a new tax on the holders of certain life assurance policies which could have a profound effect on future business. In spite of the onset of these difficulties the total new premiums under our assurance business were 7.9% higher at $25.1m. Twenty-eight new insured group contracts were written last year compared with twenty-one in the previous year. We secured nineteen new managed funds, the same number as in the previous year, and the total investment in this area is now $1.5 billion.

Investment

To cover our liabilities we require to hold the major part of our assets in Canada in fixed interest securities of which our holding at 15th November 1981 was $1138m. We had $320m. in ordinary shares and $292m. in property. Over the last few years we have increased our stake in property and this has proved a rewarding investment the appreciation of the total portfolio over last year alone being nearly 40%.

VALUATION AND BONUS

The valuation basis as set out in the actuarial report remains unchanged from last year except for the use of new mortality tables for annuities, coupled, in Canada, with a slight increase in the rate of interest. This change results in an even stronger basis than last year's. The surplus earnings of the Company have benefited from a further increase in the return on investments. Our bonus declaration reflects the continuing favourable investment conditions. We have increased our rates of reversionary bonus and amounts of terminal bonus in the United Kingdom and the Republic of Ireland and have also declared for the first time a terminal bonus in respect of Canadian policies under the reversionary bonus series.

The declared rates of bonus are high by any standard and reflect the exceptional returns in monetary terms that accrue during inflationary conditions. It is therefore necessary to stress that current rates of bonus could not necessarily be maintained should investment yields subside in future to more normal levels.

GENERAL

Lord Wemyss, on reaching the age limit, will be retiring at this year's Annual General Meeting. It was good to have on the Board someone whose deep and enduring interest in and love of Scotland is epitomized in the great work he has done for The National Trust for Scotland, and we wish him well in his retirement.

I should like on behalf of the directors and the policyholders to express our thanks to the General Manager, George Gwilt, the senior executives and all our staff both here and overseas for the very fine results which they have achieved in a difficult year. I should also like to thank the directors for the very important part they play in the fortunes of the Company. This is the last Annual General Meeting at which I shall take the chair. It has been a privilege to have been Chairman of this great Company for the past five years and I have every confidence that in the future the Company will continue to go from strength to strength under the guidance of Robert Smith our present Deputy Chairman who succeeds me.

Standard Life

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Dainichi: a robot maker trying to match growth with originality

BY CHARLES SMITH

ONE of the reasons why Japanese industry is so good at moving into adventurous new areas is that most of the risks of doing so are shouldered by huge companies which can afford to wait years to get their money back.

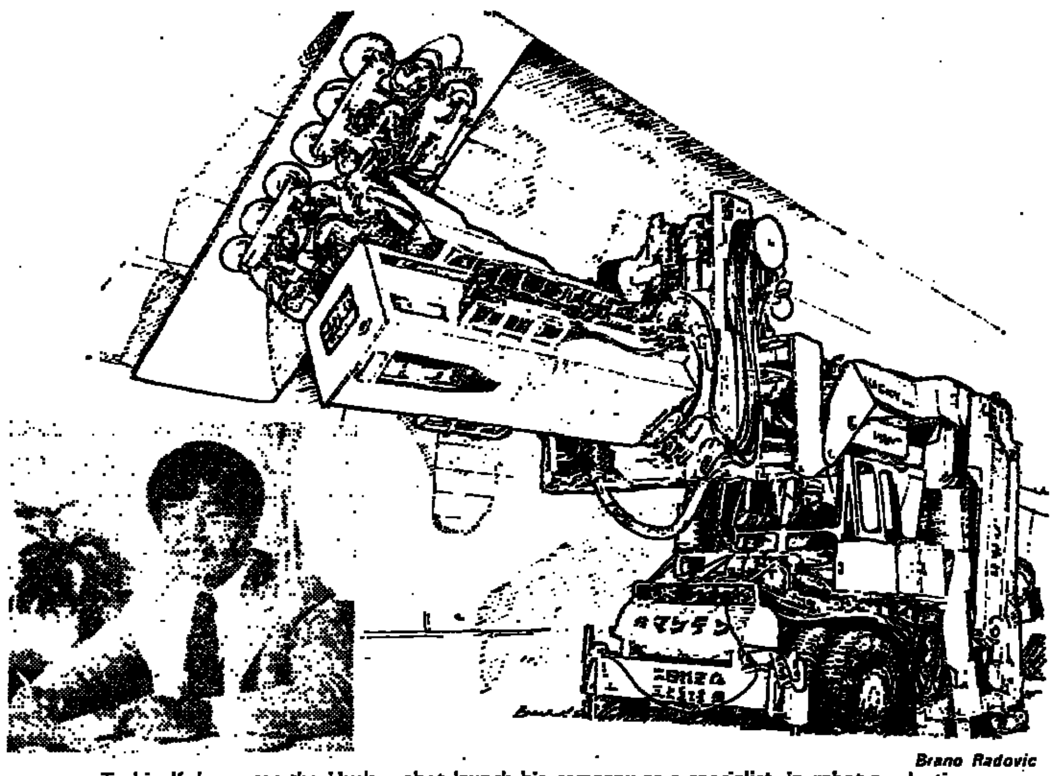
That at least is what the pundits say. A man who believes in a very different formula for success is Toshio Kohno, owner, president and chief designer of the industrial robot manufacturer, Dainichi Kiko.

Kohno, who started his own company at 23, went bankrupt at 27, but is now presiding over a business which has recently been achieving an annual growth rate of over 100 per cent, says bigness is not necessarily a help—at least in Japan—when it comes to doing something radically new.

All of the half-dozen or so large Japanese companies that have moved into the fast-growing robot business in the past few years either started as licencees of Western manufacturers like Unimate or Tralpha or began by producing "dead copies" of Western originals that were just different enough to escape prosecution under the patent laws, says Kohno.

Japan's lack of originality with industrial robots is one reason, Kohno claims, why the industry has had a negligible record to date as an exporter, despite the huge and growing success of robots in Japan itself. Kohno's own company, however, claims a 60-70 per cent export ratio. It does not employ a single salesman and has never used Japanese trading companies to sell in overseas markets, exploiting instead its own designs and its small size "to find out what the user really wants," says Kohno.

The 41-year-old Kohno, who today does nothing except design and build robots, did not start life as a robot-maker. As a student in one of Tokyo's specialised industrial universities Kohno used to spend his time designing pipe systems for petrochemical complexes (in the days before computer-aided design). This "hobby" earned him about ten times as much as the salary he would have been paid as a young graduate engineer in a first-class Japanese company. It also meant that, instead of starting an orthodox business career, Kohno dropped out of university and set up his own design company with friends in the Shinjuku business district of Tokyo.



Toshio Kohno: saw the Husky robot launch his company as a specialist in robot production. *Brano Radovic*

The company was soon snowed under with orders and rapidly expanded into a 30-man design office but, as Kohno admits today, no-one knew anything about finance, personnel management, company law or any of the other essentials needed for running even a small to medium sized business. The result was loss of control by the founder-president and debts amounting to Y30m (£60,000).

Kohno's father advised him to commit suicide in order to demonstrate his sense of responsibility to the creditors, but the son thought otherwise. He was back in business within three months of the disaster and within three years had paid off all his debts and was able to add "limited" to his company's name. The company which emerged from the ashes of Kohno's first failure was Dainichi Kiko.

For the first two years after its foundation in 1971, Dainichi Kiko concentrated on designing and building tyre manufacturing machinery for Yokohama Rubber Company and on producing industrial transfer machines for a number of other clients. The application of computer control systems to conventional transfer machines had started Kohno thinking about other forms of automated handling equipment when, in 1974, Dainichi Kiko got the chance to design and build what Kohno claims was, and is, the world's largest robot.

Worthwhile

The Husky Robot, which cost Y80m (£160,000) to make and only one of which was ever produced, is a device for fixing concrete ventilation panels onto the roofs of road tunnels. It was ordered by a construction company for use in a 4,000 metre tunnel under construction in central Japan, but tunnel design changed after the first Husky had been built and there were no more orders.

Kohno recalls that the sales price of the Husky when the company delivered it in January 1975 was 30 per cent more than the value of Dainichi's entire sales in the previous year so that, even as a one-off job, the contract was worthwhile. More important, the Husky launched Dainichi as a *specialist in robot production*, whereas almost all the other companies in the robot business have their fingers in many different pies.

Today, with a capacity of 50 machines per month and a 130-man workforce, Dainichi Kiko is offering no fewer than 70 different robot models, although 12 main types account for most of its turnover. Actual components for many of the 12 types are manufactured to Kohno's specifications by subcontracting companies (some of which may be many times larger than Dainichi itself) but the key responsibility for design work is in the hands of a group of roughly half a dozen specialists led by Kohno himself.

Kohno claims that the computer software of his robots is "marginally ahead" of that of Fujitsu Fanuc—a considerably larger company whose basic expertise lies in the manufacture of numerical control devices for machine tools.

Apart from technical advancement Dainichi Kiko prides itself on being able to come up with designs to suit a customer's needs in half the time a bigger organisation might take. "We are a kind of robot labour exchange," says Kohno.

Despite its range of robot types and the level of its technical expertise Dainichi Kiko is still a tiny company—even by the standards of the mountainous prefecture of Yamanashi-ken where most of its production and design shops have been located since mid-1980. Turnover last year amounted to roughly Y2.5bn (about £6m) but this will more than double in 1982, to around Y5.5bn and sales should pass Y10bn long before 1985, when Kohno expects a more "leisurely" 30 per cent annual growth rate.

The company's next jump in production capacity will come in June this year with the opening of an unmanned robot assembly shop where robots will make robots. The new plant will stand on 12,000 sq m of floor space (three times as much as the present "manned" assembly shop) and will have cost about Y1.8bn to build—or 50 per cent more than Dainichi's entire 1981 turnover. Not surprisingly, in view of this, the company admits to being fairly short of cash.

Since becoming aware of Dainichi's progress, the Japanese banks (specifically Mitsubishi and Sumitomo) have for the past year been more willing to lend money — though even today designing a new robot is a lot easier than raising a bank loan, says Kohno.

Apart from banking he has another important relationship with the Mitsubishi group. Mitsubishi Corporation, the group's trading arm (and the *largest Japanese general trading* company) is the main distributor of Dainichi Kiko robots in Japan's domestic market, despite the fact that two other Mitsubishi group companies, Mitsubishi Electric and Mitsubishi Heavy Industries, are also in the robot business.

Kohno clearly values the help he has received from Mitsubishi in breaking into the Japanese home market where big companies tend to have an overwhelming advantage over small ones when it comes to selling. Outside Japan, however, Dainichi has made virtually no use of trading companies. "The reason we are selling abroad," says Kohno, "is because foreign companies came and asked to buy from us, or asked for licences to make our products."

Dainichi Kiko's first production and sales tie-up outside Japan was with a Swedish partner, Aritmos AB, in 1978. This was followed by a similar link in Holland and, in autumn 1981, by the signing of an agreement with the UK Sykes Group to establish a joint venture production and marketing company whose marketing territory will cover most of western Europe.

Dainichi plans an eventual total of nine overseas joint ventures covering a territory which will include North America and Australasia as well as East and West Europe. When that total is achieved Kohno may stop exporting from Japan altogether and concentrate on design work. His long term ambition is to turn his Japanese company into a robot "think-tank" which will turn out a continuous series of new ideas to be used by international members of the Dainichi Kiko "family."

If Kohno has a worry about the future of his company it is not about the possibility that growth might slacken or the competition get too hot but rather that the character of Dainichi will change when the number of employees passes 300. Kohno believes that this represents the watershed between a small company that can be run effectively by one man and the medium-sized concern that needs a formal management structure and a division of roles.

The risk of passing that watershed is a loss of flexibility and the growth of "sectionalism" in a company's internal organisation that in turn inhibits response to external events and reduces creativity.

Kohno is determined to keep the freshness of approach which has marked Dainichi Kiko's first years when the company graduates from small to medium, but he admits that only 0.1 per cent of his predecessors have made the transition successfully.

BOARDROOM BALLADS

DAMASCUS ROAD

I'm not exactly, some would say,
Full of warmth and cheer;
I've used my elbows on the way
To building my career;
I've earned a reputation as
A cold fish and ascetic,
And, whatever else I was,
It wasn't sympathetic.

★

Around the company I'm known
For prowess with the hatchet;
And when it came to cutting back,
No one else could match it,
I've had some wretched so-and-so's
Almost on their knees
When telling them they had to go
To help the company squeeze.

★

It seemed a pardonable sin,
Seeing men recumbent,
Until the chairman called me in
And told me I'm redundant;
He listed to the letter
All the reasons I'd deployed
For why it would be better
If I joined the unemployed.

The well-known dialetic
I'd so frequently rehearsed,
Made me just as apoplectic
When the action was reversed;
And I felt myself succumbing
To the self-same fatalistic
Recognition of becoming
Just an out-of-work statistic.

★

It made the old grey-matter tick
To live through the sensation
Of being the arithmetic
That brings down high inflation;
And running all the pictures back
In quiet retrospective
Gave handing all the rest the sack
A different perspective.

★

I'd never thought it through before,
The curious deduction
That people don't amount to more
Than factors of production:
Maybe the politicians
Would repent of what they ask us
If they'd shared my special vision
On my journey to Damascus.

Next week: Headhunting

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Caretaker's cottage

I belong to a Resident's Association and live in one of the flats of a converted mansion. The flats are let on long leases (130 years) to the residents but the freehold is owned by the Association, which is a limited company. For some years, a caretaker has been employed in a cottage attached to the mansion, but what with the difficulty of finding suitable employees and inflation, it has been resolved that the caretaker's flat should be sold, the money accruing to the Association.

What is our position with regard to taxation, in particular, CGT. It is a non-profit (non-trading) organisation, but we appear to be subject to Corporation Tax at a reduced rate of 42 per cent. In a recent case (Batey v Wakefield (1980) STS), exemption from CGT was successfully claimed against the Inland Revenue on the ground that the caretaker's cottage, although a separate dwelling, was part of the owner's dwelling and therefore not subject to CGT on disposal, but this was a private dwelling and might not apply to our case. If we are subject to CGT, how do we go about establishing initial cost, and can we avail ourselves of the £3,000 exemption afforded to private persons?

The lowest rate of corporation tax was reduced from 42 per cent to 40 per cent from April 1979. However, companies' chargeable gains are chargeable to corporation tax at 52 per cent on 15/26ths so your company's gain on the sale of the cottage will attract tax at an effective rate of 30 per cent, with no exemption or relief. The cost is a question of fact. We do not understand your difficulty in establishing the figure, unless you mean that the relevant records have been inadvertently destroyed. The solicitor who acts in the sale can doubtless guide you on the tax aspects as well as the general law.

Rent Act and lettings

I let a furnished flat which has a fair rent certificate. If I re-let to a company for use by a staff employee, must I notify the rent officer of any increase in the rent? I have heard that in letting to a company, the rent officer has no further control over the property. Is this correct?

You do not need to notify the rent officer if you re-let on a letting which is not within the protection of the Rent Act. Most lettings to a company will be within the protection of the Rent Act so far as rent limits are concerned, but outside the protection as to security of tenure. You should therefore relet above the registered rent without having a new assessment of fair rent.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Television

If more means better...

by CHRIS DUNKLEY

There is much disagreement over the effects of the television boom which is due to occur in the next few years. Will we all be offered a wider choice, a richer diet, programmes more accurately suited to our individual tastes—or will more mean worse? Present evidence suggests that the programme makers, or perhaps the administrators, have already started approaching the whole business of expansion from the wrong direction by attempting to redefine and segment the audience instead of refining and separating the subject matter of programmes. But the trouble is that so far viewers know much more about the structure and the technology of the changes which will take place behind the screen than those that will happen on it.

We know we are to have Channel 4 in November, two breakfast services next year (how interesting, incidentally, that the BBC chose to declare its plans for pre-empting ITV's breakfast show on Budget Day when the announcement would so obviously be over-shadowed) and sooner rather than later the first two satellite channels also to be run by the BBC, thanks mainly, I believe, to the fact that corporate planning is easier inside the BBC monolith than inside the ITV federation so that the BBC was ready with a scheme when the Government needed one quickly to justify the expansion of the satellite industry and all the associated technology. ITV's reported fury at being "left out" seems misplaced since there will presumably be plenty more satellite channels when they are ready for them.

Of course it may be that very few viewers will prove willing or able to spend £300 or £400 on their own dish aerial and converter to pull the satellite signals out of the sky. Arguably satellite transmissions don't make much sense in a country which even in its major urban areas lacks extensive cabling so that there is little chance of using community antennae for the local dispersal of satellite signals via cable. But then the industry is already keyed up for another government announcement quite soon about the expansion of cable which, nowadays, means fibre-optic cable and consequently the prospect of not one or two more channels but dozens or scores or even hundreds more.

Whatever the precise details, it seems clear that within a few years most British viewers will have six channels available to them rather than three as at present, and not very long after that 10 or maybe a dozen, with a steady increase for at least some time thereafter. But will that mean better programmes?

Not necessarily, of course, but we should surely dismiss as unwontedly gloomy the facile judgment that more means worse. Unless you are willing to argue that an increase in book publishing, art galleries, and concert halls means worse literature, worse painting and worse music, I do not see why you should maintain that more television channels means worse programmes.

No doubt a large proportion of the new material will be mediocre or even bad, as in any area of endeavour. In its early days printing produced virtually nothing but religious material; the expansion and development of the medium to the point where it could produce "War and Peace" also meant the production of "Fanny Hill." The small proportion of excellent literature available to us today sits upon a mountain of Beanos and Playboys and thrillers. It would surely be surprising if the expansion of television were very different. Talent is clearly not in infinite supply, and in an enlarged field it may take the viewer longer to hunt down the good programmes, but that is not the same as saying that there will actually be fewer of them or that the average standard will fall.

It has been fashionable for some time to point to U.S. television as an example of more meaning worse but it seems to me a hard argument to sustain now that the expansion via cable and satellite has begun and Americans are acquiring such services as the all-news channel and the Home Box Office satellite.

It is that sort of specialisation by subject matter which it is to be hoped British programme makers will aim for. To extend the print analogy, there seems no reason why the development of general interest magazines, then (say) specialist motoring magazines, branching eventually into vintage motoring, motor racing and car maintenance magazines shouldn't have close parallels on television. (Though you won't be able to lay television open at the right place while you get to work on the engine.)

Ominously at present—though admittedly the boom has yet to begin — broadcasters seem preoccupied with splitting the audience rather than the subject matter into smaller divisions, and there is a crucial difference. Their present approach brings to mind the Venetians of the 17th century who paid special regard to the Jews, providing facilities exclusively tailored to their needs, or supposedly so. The result has been one of the most sinister concepts to come slithering down the centuries: the ghetto. In a fit of similarly benevolently intended discrimination television is making special arrangements for teenagers, the old, and—if Channel 4 has its way—women and blacks.

If you suggest to those who promote these ideas that the notion of fundamental differences between groups of people arbitrarily divided by age, sex or race comes very close to the ideas sustaining Nazism and apartheid they are outraged. It is fashionable to welcome such programmes as The Oxford Road Show and Riverside as being jolly good for teenagers—for all the world as though "teenagers" were entirely different from ordinary people.

Sure enough when you look such programmes you find that without exception they cater to a stereotype: a teenager is someone who is interested in loud rhythmical electronic music, pink hair, detailed discussions about the personnel of the latest band, and occasional protests about the iniquities of the police.

That is slightly, though only slightly, unfair to Riverside which is also developing a special interest in what might be called movement—dance and mime—and in video as a form of expression in its own right. These two constituents and the visual aspects of the musical numbers (lasers, smoke and lighting as well as the look of the participants) are far stronger than the "music" which is tedious, repetitive, and in verbal terms makes the Beatles and Rolling Stones sound like Shakespeare and Tolstoy rolled into one.

The point is that on the one hand there are plenty of 43-year-olds interested in movement and 29-year-olds interested in video who will not find these subjects covered elsewhere on television for older people but who may very well be repelled by the teenage ghetto quality of Riverside's ethos. On the other hand there are tens of thousands of teenagers in Britain who wouldn't give you tuppence for an electric guitar or pink hair but who breed dogs, study for all sorts of qualifications, play bridge and argue about Marx and Friedman who won't find anything at all for them in this supposedly "teenage" series.

Though it may be done in the name of greater concern for all, the business of splitting the audience up according to preconceived social criteria is actually dreadfully condescending. The idea that if you are an old age pensioner you must be doddering, deaf and dim and need to be spoken to ve-ry slow-ly may be kindly intended, but it is also insulting to the sprightly OAP while being off-putting to the deaf 16-year-old who will naturally feel that the programme is not for him.

The danger is that far too much of the extra capacity on the new channels will be filled with programmes aimed at socially defined target groups of ever greater exclusivity—"The Series For Lesbian Social Workers Living In Hull!"—when it is clear that the best programmes have always been made by producers who are fantastically keen on some particular subject and not in the least concerned with the age, sex or colour of the viewers.

Nicky Picasso, one of the presenters of 'Riverside'

Barbican Hall

Serkin by DOMINIC GILL

The LSO and Claudio Abbado are at present engaged on a major project to record all of the Mozart piano concertos with Rudolf Serkin: so it was a natural choice to invite him to play Mozart at the Barbican during the orchestra's first month of residence there. It would be unwise to prejudge a record series on the evidence of a single concert: and I imagine that Serkin's performances on disc, if they match his finest Mozart performances of the past, will have more lift and sparkle, and more concentrated focus, than his pair of concertos did on Monday night.

Neither one had the powerful centre, nor carried the same spiritual charge, of Serkin's best Mozart. In his B flat concerto K595 there were no surprising illuminations—and in its larghetto especially, few traces of the peculiar, rarefied lyrical poise which the music invokes: only a thoroughly agreeable, intelligently turned and sympathetic plainness. In lesser hands that might have been considered a greater virtue. I liked the finale best: tripping jauntily, at an easy allegro, turning aside from the strongest gusts of exuberance, lightweight and genial. His account of the rarely-heard early C major concerto K246 was genial too, and had a quicker, keener momentum. Perhaps if, in the manner of an SPNM open rehearsal, we could have heard K595 for a second time straight away, the spirit by then would have become as warm as the fingers.

Abbado and the LSO have begun their all-Mozart programme with a low-keyed, austere and rather impressive reading of the Masonic Funeral Music K477; and they ended with the Jupiter symphony—a well-made rather than inspired account that lacked the mark of truly close and careful working (at no point comparable with, for example, the Philharmonia's Beethoven or Schubert under Sanderling last week). Only in the last half of the finale, after the exposition repeat, did all the disparate strands come together decisively, and take off with anything approaching vehemence.

Greenwich

The Assassin

by B. A. YOUNG

Hugo, in Jean-Paul Sartre's *The Assassin* (otherwise *Les Mains Sales*) is a thinking man in a wartime political underground movement, as was his creator. Hugo, however, is given more active work than Sartre ever was: he has to kill his leader, because the particular cabal he mixes with have decided that the leader's tactics are wrong. The play begins with a short scene after the killing has taken place; Hugo has made it look like a *crime passionel* and (Sartre being a Frenchman, though the action takes place in an imaginary Central European state) has only served two years in prison.

Action, I said, but it is argument that gives the play its quality. Twice Hugo is on the point of shooting Hoederer, his leader, and twice there is a sudden interruption that prevents him. Later there is a long scene that appears to be leading up to the assassination but ends with Hugo's surrendering his weapon to his intended victim. As a thriller, the play is weakened by lack of convincing detail. How did Olga get into and out of Hoederer's headquarters so easily? Why does no one ever listen to conversations through doors? The story is presented in the manner of a comic strip.

But the intellectual talks is good. Hugo, played by James Simmons, is the discontented son of a prosperous family who has become an active revolutionary to cure himself of self-contempt. Mr Simmons gives us a lifelike portrait of the typical "bourgeois anarchist" of our own day; all his talk about duty to the Party is romance, and the duty that has been laid on him is soon replaced by a personal admiration for Hoederer that stymies him.

Hoederer is a more practical revolutionary, a hard-working office-man who is perfectly prepared to break Party rules when he thinks the country will be the better for it. Edward Woodward, plumper than we usually see him and less well-spoken, suggests a Trade Union chief; and as Sartre has given him all the best lines he emerges as a likeable figure, as long as you overlook the cause he works for. The immediate cause, it must be said, is a good one, for we are in 1943, and he wants to keep his country safe from both the Germans and the Russians. Perhaps he will end up as a kind of Tito.

Hugo is equipped with a beautiful wife, Jessica (Shirley Cassedy), an unlikely encumbrance in the circumstances, but handy for Sartre, as she can be at the other end of Hugo's worries, and she can let herself be fondled by Hoederer at just the right moment to provoke Hugo into murder. She is consciously frigid, and Miss Cassedy has made her so, in spite of the beautiful turnout always available to her at Party Headquarters.

Frank Hauser, the director, has kept the discussions as keen as the actual plotting, and when Sartre has built up tension, Mr Hauser plays it to the full. Besides Hugo, Jessica and Hoederer, none of the characters is written with much depth. Olga, whom I mentioned just now, is tautly played by Michele Dotrice as a revolutionary who thinks nothing of throwing a bomb through a window, but neither she nor Sartre convinced me of the likelihood of an understanding between her and Hugo. The other characters—gunmen, plotters or party leaders, are useful props, but there is little in any of them to get hold of—though I did admire Stephen MacDonald's cool Prince Paul.

Festival Hall

Zukerman/Neikrug

by DAVID MURRAY

There was some virtuoso fizz in Pinchas Zukerman's second encore on Monday, and it drew the first whole-hearted audience response of the evening. That was the fault of Mr Zukerman and his partner—no, his accompanist: partner is what he *ought* to have been—Marc Neikrug, certainly not of the three Brahms sonatas which comprised their short programme.

Whether Zukerman was playing violin or viola (we have Brahms' last two sonatas for the soprano instrument, and the viola arrangement of the second clarinet sonata) the piano was deferential and backward. That was disappointing even in the sonata with viola, where in a large hall the piano is more or less constrained to hold back (as it needn't when matched with the original clarinet—a good reason for confining the viola version to small halls).

In the violin sonatas the weakness was seriously damaging: Brahms gave the piano a full-bloodedly equal role, and it was evident from the pallid opening of the A major Sonata that Neikrug would decline it.

If Neikrug was short breathed and shy with the rich piano parts, Zukerman offered little positive compensation. For a violinist with his sovereign technique and reliable elegance of phrasing, he was strangely noncommittal about these lovely, late-blooming pieces. Bar by bar, he ruminated through the music with careful respect; but it is all symphonically wrought on its modest scale, and the performances made scarcely anything of the larger musical arguments or even of broad dramatic contrasts. If playing *every* movement of the sunny A major work at a species of Andante was an experiment, it was misguided: warmth and life drained away, leaving the Sonata a polite shadow of itself.

Zukerman's way with the viola is balm to the ear, and that was a guarantee of pleasure in the op 120 no 2 Sonata—though its relatively simple structure was given a very low profile, and it seemed to go nowhere in particular. In the D minor Violin Sonata, at last, there was some show of spirit (in the pianist's case it took the form of rudely ignoring Brahm's indications for dynamics and attack), a degree of nervous energy behind what was still a spidery sketch. Newcomers to all this music might easily have concluded that it is too domestic to translate to the concert platform. It isn't, of course: and it was very rum to have a violinist of Zukerman's powers give such an impression of it.

Sadler's Wells

Ghost Dances

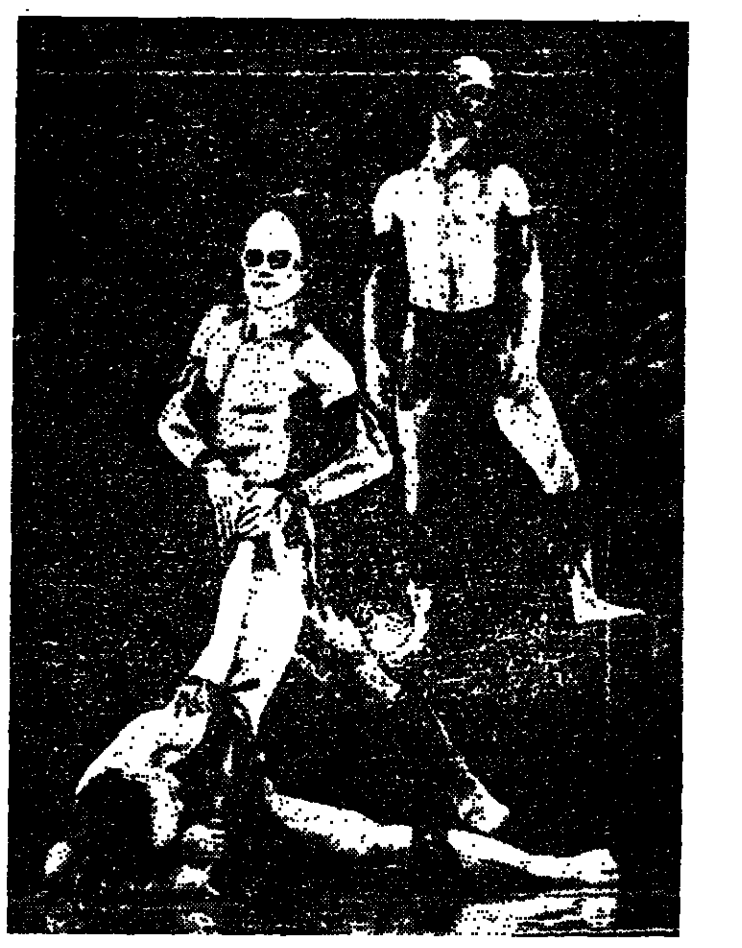
by CLEMENT CRISP

It is all very well to make a ballet "for the innocent people of South America who, from the time of the Spanish Conquests, have been continuously devastated by political oppression," but—as Christopher Bruce's *Ghost Dances* showed on Monday at their first London showing—quite another matter to make it affect us. I do not doubt for one moment the intensity of Mr Bruce's outrage at a continent's suffering. I do however question the wisdom of such generalised emoting as the excuse for choreography.

When dealing with the particular, or focusing a vast theme by means of very specific circumstance (as in *Ancient Voices of Children* or *For those who die as cattle*), Mr Bruce can prove his point with a conviction that is dynamic as well as emotional. But *Ghost Dances*, for all its griefs and horror and pity, relies upon repetition of the idea of eight couples (the "innocent people" of the dedication) being variously mown down by three skull-masked ghost dancers who, unsurprisingly, represent death. Mr Bruce has provided a backdrop showing the Andes; the accompaniment comprises South American folk-songs for guitar and those breathy flutes without which no South American film/nature study/protest is complete. And burning sincerity, alas, is not enough.

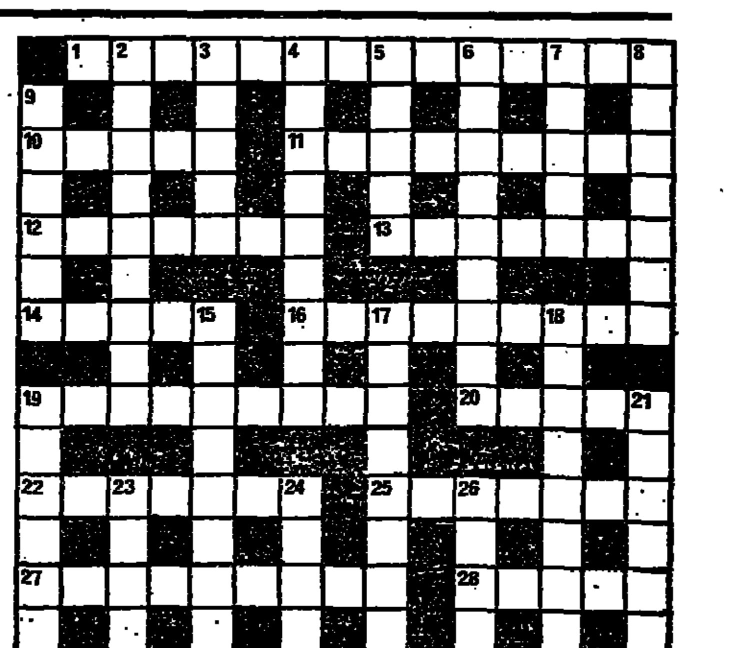
The evening had begun with Mr Bruce in religious mood—the austere *Dancing Day* he made initially for students at the Rambert Academy, and which provides so sure a dance parallel for Gustav Holst's settings of mediaeval carols and sacred songs. It was well if not gaudily danced, as was Richard Alston's *Rainbow Ripples*, that dazzling response to a spoken text recorded, re-recorded, played against itself and suddenly falling into unison, which is exactly what the dances do, too. (The excellent *South Bank Show* on Sunday night, in which the choreographer spoke about his work, made plain many of the felicities and ingenuities of this appealing piece.)

And as a neat joke, Sally Owen's *Unsuitable Case* was also on view. This is a surreal tape-loop farce (ending with its beginning yet again) about a girl (the dégagée Diane Walker), an obdurate suitcase, a piano quartet playing Johann Strauss, except for its maniac Johnny-one-note 'cellist (Anthony Hinnigan), who I think inspires all the mayhem, and some luggage, plus a bell-boy and a lady with the world's smallest attaché case. It is inconsequential, insidious, funny, and please will Miss Owen do some more.



A scene from Ghost Dancers

F.T. CROSSWORD PUZZLE No. 4,824



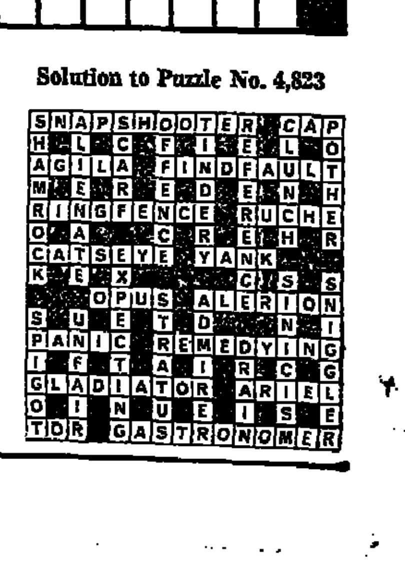
ACROSS

1 How "heart all myopic" is expressed? (14)
10 Gold piece found in earth-path (5)
11 Legendary bandleader and wealth re-distributor (5, 4)
12 Heart so bad one can hear sounds within it (7)
13 Reproduce Model-T, A1 time could be obtained (7)
14 First indications of type roaming any meandering pathway (5)
16 Bison of U.S. fable, perhaps (9)
19 Place to dance—extremely happy find (9)
20 Army crook? (5)
22 Relief-aid for hard drinker, we hear (7)
25 Lord's ground? (7)
27 Fixing amount, fools celebrate (9)
28 Language of India (many in lower part) (5)
29 Naval officer on the staff? (4-10)

DOWN

2 Fast times in Derby—same outcome (5-4)
3 Mahler's third in its entirety? (5)
4 That may come down to us—halbert, i.e. restored (9)
5 Teacher's pet almost (5)
6 Frank at Orient—he is standing (9)
7 Either way, a sop in the bathroom (5)
8 Off-peak callers? (7)
9 Ground for game in which fielder takes time (6)
15 African apes old colonial governor (9)
17 Boxer knowing pressure? (9)
18 Swedish beef consultant? (9)
19 Underworld Welsh river follows one line of descent ... (7)
21 ... Sisterhood? (6)
23 Changing coats to show rib (5)
24 Home of Die Lorelei—river, hein? Could be! (5)
26 Cane carried by officer at a nice angle (5)

Solution to Puzzle No. 4,823



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Wednesday March 17 1982

Policy for the public sector

MRS THATCHER'S Government is getting itself into a tangle over the nationalised industries. There are some long-standing problems with the management of these industries and their relations with Whitehall, but Ministers are in danger of allowing rhetoric and political crusading to take the place of clear thinking about how the problems might be resolved.

It is curious that a Government dedicated to non-intervention should be intervening in the state-owned enterprises on a more continuous and detailed basis than most of its predecessors. No doubt Ministers would claim that, unlike the Labour Government in 1974-79, they are intervening for constructive reasons—to bring the finances of the public sector under control to impose tighter disciplines on performance. But the effect of the intervention, together with irritable speeches about inefficiency and poor labour relations, is sometimes not very constructive.

Strategy

Mr Patrick Jenkin, Secretary for Industry, announced earlier this week some rather modest changes in monitoring arrangements, stemming from an unpublished report by the Central Policy Review Staff. The changes include establishment of "strategic objectives" for each nationalised industry, a reduction in the size of boards and the appointment of more highly qualified non-executive directors, and the strengthening of "business expertise" in Whitehall to assist in the monitoring process.

The emphasis on strategic planning is hardly novel and past experience has not always been encouraging (for example, the 10-year strategy for steel devised by the Tory Government in 1972): but a serious effort to clarify objectives for each nationalised industry should be helpful.

As for the rest of the package, it is not obvious that the most pressing need in the nationalised industries is for more and better monitoring. Investigators from the sponsoring ministries and the Treasury, from the Monopolies Commission and no doubt from parliamentary committees could well be falling over each other, distracting the managers of nationalised industries from their real work.

An excess of monitoring may have the effect of "politicising" the public sector still further. However, the main reason for the high level of ministerial intervention over the past two years has been the impact of the nationalised industries on the public sector borrowing requirement.

Little thought

Soon after it came into office, the Government made some optimistic assumptions about the speed with which the nationalised industries' need for public funds would be reduced. These hopes were disappointed. The result has been, first, that ministers have tended to use the nationalised industries as scapegoats for missed financial targets, and second, that the industries' costs and revenues have become the subject of intense and agonised ministerial attention.

Preoccupied with the need to screw down nationalised industry spending, ministers have given little thought to some of the underlying problems. One of the weaknesses of present arrangements is the fact that for historical reasons most nationalised industries depend almost wholly on loan capital. As a report by the Hundred Group of chartered accountants pointed out last year, a better balance between equity and capital would have great advantages, not least in giving the managers more normal commercial freedoms and in making it easier for them to raise private sector funds. A detailed look at how this proposal could be implemented might have been a more fruitful assignment for the Central Policy Review Staff than tinkering with board structures and monitoring arrangements.

Controls

Where a market solution is feasible, it should be applied. The Government is right to press ahead with the injection of private capital and the removal of unnecessary monopoly privileges. Where a degree of monopoly is unavoidable, suitable regulatory controls must be devised.

But the temptation to "do something" in a great hurry about nationalised industries as a whole should be resisted. A pause for reflection, in which each industry's present problems and future direction can be studied on their merits, seems in order.

India and its neighbours

THERE IS something incongruous, not to say distasteful, about Marshall Dimitry Ustinov, the Soviet Union's Defence Minister, bemoaning the arms build-up in the sub-continent on his current visit to New Delhi.

The Russians are probably responsible for more of that build-up than all their Western adversaries put together. Since the signing of the 15-year Friendship Treaty with India in 1971 they have poured billions of dollars worth of weapons systems into India, which now depends on the Russians for the bulk of its sophisticated arms inventory.

This military hardware includes such items as MiG-21s, MiG 23s, MIG 25s, tanks, missiles, and batteries of electronic equipment. India is currently negotiating the possible purchase of the more advanced MIG 27. In 1979 India and the Soviet Union signed a major deal worth about $2bn for the overhaul of the Indian army.

Militarism

Then there was the invasion of Afghanistan in 1979. Whatever reasons the Soviet Union may have used to justify this particularly brutal piece of gunboat diplomacy to India, it has been a prime factor in raising tensions and driving those countries vitally interested in a stable subcontinent away from political options and towards military ones.

Even if one were to accept that India's recent major arms build-up is the result of a corresponding increase in Pakistan's rearmament programme—and the case is arguable at best—the trigger for this renewed and dangerous militarism was Afghanistan.

But for the invasion it is unlikely that the U.S. would have offered Pakistan a $3.2bn arms and economic package and equally unlikely — given Pakistan's sensitivities towards the Islamic world and its concern about its non-aligned image —that such a gesture would have been easily accepted.

One suspects, however, that India knows all this. India's own commitment to non-alignment is firm. Critics of Mrs Indira Gandhi's increasing dependence on the Russians are off the mark when they claim this is because she harbours some secret sympathy for the Kremlin's leaders and their policies.

She is, after all, her father's daughter. Much of her early life was spent living the struggle for independence at the side of Jawaharlah Nehru. The integrity and independence of sovereign India is something she feels passionately about. Within India, the Communists are a nagging threat.

Irritation

Yet India, 35 years after the end of the Raj, remains a prickly member of the world community. It is at odds with the Americans, overdependent on the Russians, anxious to mend its fences with the Chinese but moving too slowly in that direction and talking to the Pakistanis about peace in a desultory and half-hearted way. Indian indebtedness to the Soviet Union seems almost accidental, a result of her bad relations elsewhere. It also undermines her own insistence on self-reliance.

In one sense India's irritation with the U.S. is understandable. U.S. strategy to check Soviet power includes support for an unpopular regime in Pakistan. This threatens India's faltering self-confidence as the dominant power in the region.

U.S. opposition to the IMF's $5.8bn loan to India—motivated more by dogma than good sense —cannot have helped.

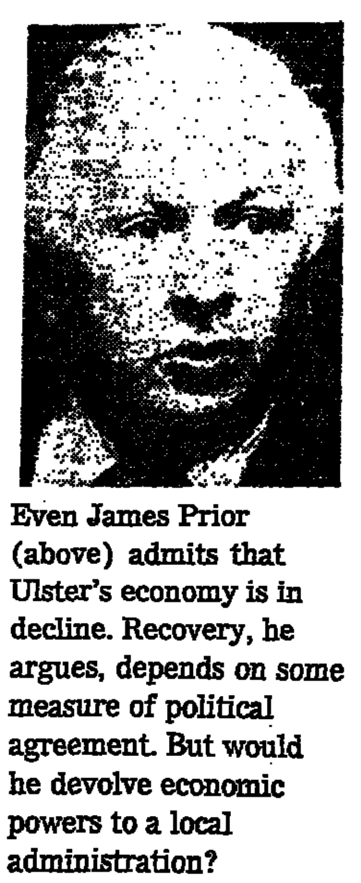
Fence-mending

But India too must shoulder some blame and move more positively to redress the balance of its international relations at a time when it needs the support of the western banking system and the supranational agencies to tackle the huge economic problems it faces.

A clear-cut position condemning the continued presence of Russian troops in Afghanistan is one option. Another is pursue a more vigorous fence-mending policy with the U.S. as well as with its regional neighbours.

Ulster: an economic disease which may yet prove fatal

By Brendan Keenan in Belfast



Even James Prior (above) admits that Ulster's economy is in decline. Recovery, he argues, depends on some measure of political agreement. But would he devolve economic powers to a local administration?

ON THE roads out of Carrickfergus, the empty man-made fibre plants still stand, as though ready to spring back to life at a moment's notice. Beyond them looms the half-completed power station at Kilroot, planned to produce the power for industries which are no longer there.

In the hills behind are the reservoirs for the millions of gallons of water which are no longer required. Last week British Enkalon in Antrim and the Courtaulds subsidiary in Tyrone added 1,100 to the sorry list of Northern Ireland's lost jobs.

"De-industrialisation is a concept in other countries," says Mr Terry Carlin, secretary of the local wing of the Irish Congress of Trade Unions. "In Northern Ireland it is a reality."

Even Mr James Prior, the Secretary of State, has said that Ulster is suffering, not a recession, but an economy in decline. There is little optimism in Belfast that the worst is over.

Unemployment now stands at 19.3 per cent. Almost one in every four of the male population is out of work. The economy has been in decline throughout the 1970s, after performing creditably in the 1960s, but the trend accelerated dramatically last year.

"1981 was a savage year," says Mr John Simpson, an economist at Queens University, Belfast. "All the economic indicators ran backwards. But it looks as though some sectors will show an upturn in 1982."

However, Northern Ireland, once famous as a centre of the engineering and textile industries, is now, perhaps for the first time, in danger of losing its entire manufacturing base.

Even the proudly independent Mackies, the textile machinery manufacturer, has begun to look vulnerable.

Overall, the numbers employed in manufacturing have slumped from 170,000 a decade ago to 120,000 today. Mr Carlin and other believe that unless the slide is halted, there will be no base on which to build a new economy when, and if, better times arrive.

Most of the traditional companies still operating are in trouble.

In shipbuilding, Harland and Wolff will face problems, even if it does slim its workforce by 1,000, so long as the market for the ships in which it specialises remains depressed.

Dr Vivian Wadsworth, its chairman, says the company can prosper if both the workforce and the physical plant are rationalised. In the interim, though, the Government would have to add to the £200m spent on the company since 1975. Many senior figures in the Province are now talking openly about the possibility of closure for the most symbolic of all Northern Ireland firms.

The Shorts aircraft company is also cutting back on employment. Its successful Skyvan seems to be nearing the end of its sales life and the passenger version is selling only slowly. Independent calculations suggest the company may need up to £30m of Government aid, this year.

Mr Adam Butler, MP, who is Minister of State at the Northern Ireland Office with responsibility for industry, sees the danger. "The smallness of the economy is a problem: it is miniscule almost. But, although it is tied to the economy of Great Britain, it is separated physically and in perception."

The figures would be even worse but for the 80,000 extra jobs created in the services sector—many of them direct government jobs — and the 100,000 people who have left Northern Ireland in the past 10 years.

To blame all of this catastrophe on civil strife would be an over-simplification. Northern Ireland's economy has always been vulnerable because of its dependence on the traditional trio of agriculture, engineering and textiles.

Politicians and trade unionists point to the recession and to government policies as the major reasons for the collapse of the past five years. Ulster is treated generously in terms of public spending. But Mr Simpson has calculated that the subvention from the exchequer has fallen, as a proportion of public spending, from 36 per cent to 21 per cent in the last four years.

Prof Desmond Rea and Mr Stephen Harvey of the Ulster Polytechnic have pointed out that a 10 per cent cut across the board in public spending represents a 4 per cent drop in GDP in Britain but a 7 per cent fall in Northern Ireland.

These issues have become increasingly political as Mr Prior warns local politicians that economic recovery depends on some measure of agreement. The different parties reply that the one thing they are agreed upon is the need for more public expenditure but that the British Government does not listen.

A senior official in the Department of Commerce says he cannot think of a single case where a firm closed because of the security situation. Where the "troubles" do play a major part is in deterring outside investment.

A study in the Cambridge Journal of Economics four years ago suggested that the loss of jobs attributable to violence was 20,000 in 1976.

"We said ten years ago that it would take a decade before the effects of the troubles showed through," says Mr Simpson. He, along with many politicians and businessmen, feels that the Republic's industrial development strategy has become more sophisticated and professional, as compared with Northern Ireland.

The present system is that the Department of Commerce is responsible for attracting inward investment, while the Northern Ireland Development Agency (NIDA) promotes and assists the establishment and expansion of firms.

This structure has been compared unfavourably with the "one-stop shopping" offered by the Republic through its Industrial Development Authority (IDA). After years of argument, the Government agreed to establish an Industrial Development Board (IDB) to combine the functions of Commerce and NIDA.

The IDB is still scheduled to come into operation this summer, but it has run into serious trouble. The idea is to find a chief executive with a proven record in the private sector, but the first choice turned down the job and no suitable successor is in sight.

There are growing complaints from unions, the local CBI, and economic observers that the IDB will not be sufficiently independent of government. Ministers and civil servants retort that any such body must be accountable and that the South's IDA is not as free as many seem to believe.

The big difference, however, is that the proposal is to staff the IDB with civil servants from Commerce — apart from a handful of top jobs.

Mr Butler insists that the IDB will operate at arm's length from government. Later this month he will be defending the plans before the Northern Ireland Committee of the Commons.

Roger Taylor

Harland and Wolff's Belfast shipyard: a symbol in danger

Whatever the structure, it seems clear that there is much to be done. It is only this year that the DoC adopted a strategy of setting job-creation targets. Techniques and resources for identifying likely investors seem haphazard, compared with those of the IDA.

There is also the question of incentives. These are extremely generous in Northern Ireland but they are complex and concentrate on capital grants. Northerners point with envy to the selling power of the South's tax-based incentives.

The incentive scheme is under review and it may prove an early litmus test for the Government's seriousness about Northern Ireland devolution. Mr Prior is undoubtedly right when he says that political agreement would do wonders for Ulster's image, but would he go further and give a local administration real economic powers?

Could a Northern Ireland Government adopt a different approach to public spending from the rest of the UK? Might it have a different industrial incentive scheme, involving fiscal changes? Could the flow of savings out of Ulster—which Prof Rea and Mr Harvey suggest could be £300m a year—be controlled?

Such questions have hardly been raised in the arguments over constitutional and political structures. Politicians, like Mr Seamus Mallon of the SDLP, believe that devolution may not be worth having, unless the administration has real powers of this kind.

There are straws which can be clutched. The record of firms which have invested, like Hughes Tool and Hyster, is one of success and expansion. In many areas—roads, telecommunications, labour experience, and technical education—Northern Ireland has considerable advantages over the Republic. Even the troubled De Lorean project successfully turned a green field site into a car plant in two years.

Officials estimate that the Province needs to create 8,000 jobs a year in manufacturing, just to make a dent in the unemployment level. It is a target which has never been achieved.

It used to be said that, when the British economy sneezed, Northern Ireland caught a cold. Now that the British economy is distinctly unwell, only a sustained effort can prevent the Northern Ireland disease from proving terminal.

The Province needs to devote all the wasted energies of the past 12 years to its economic problems. Even then, British Ministers may need to show more imagination about the nature of Northern Ireland's relationship with the UK than they have in the past.

The alternative—if these efforts are not made—hardly bears thinking about.

UNEMPLOYMENT IN NORTHERN IRELAND

Figures in thousands

	Men		Women	
	In work	Jobless	In work	Jobless
June, 1979	288.5	43.0	225.2	19.8
June, 1980	280.0	49.5	223.4	23.5
June, 1981	255.4	73.3	213.9	30.5
Percentage change, 1981 on 1979				
	−12	+70	−5	+54

Men & Matters

Welcome home

It would be going too far to suggest that the slightly eccentric but well-connected Charles Douglas-Home personifies The Times as we knew it.

But he certainly fits the original mould more comfortably than Harold Evans. And the feeling in Gray's Inn Road as the nephew of the former Tory Prime Minister takes over as editor is that some of the traditional style so rudely remodelled this past year will now be restored.

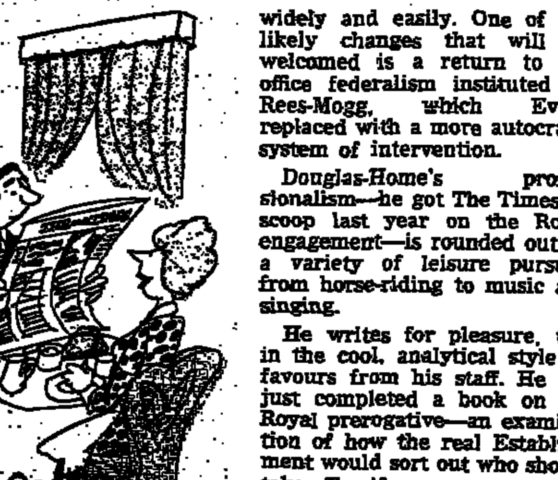
Nobody expects — or wants — sudden radical changes. Douglas-Home himself is still a bit bemused by the pace of events which within a few days took him from the brink of voluntary redundancy to the editor's chair.

His first concern yesterday was to end the office factionalism that attended the Ides of March dispatch of Evans, and reassure the confused and distraught majority of journalists caught in the middle of the row. Senior staff would be surprised if the paper swung politically to the hawkish Right, as reportedly Murdoch wants.

Douglas-Home is remembered as a young reporter, rising from the Labour conference press table to applaud Harold Wilson. And he has admitted voting three different ways in the last three elections.

Now 44, he is the first editor to be appointed from The Times' staff for as long as any of its reporters recall. He has neither the crusading drive nor technical expertise of Evans; nor the quirky intellectualism of a Rees-Mogg. But he has had a thorough grounding in every aspect of the trade.

After Eton, Douglas-Home spent a few raffish years in the Royal Scots Greys—he was known as "Close-clinch Charlie" in the surrounding social set when ADC to the Governor of Kenya.



"Is there anything in 'Letters to the Editor' about the first cuckoo to be pushed out of the nest?"

But a bad bout of hepatitis made him a non-drinking, non-smoking vegetarian.

He started as a reporter on the Scottish Daily Express, moved to London as deputy to Chapman Pincher and after a couple of years as diplomatic correspondent joined The Times to cover defence in 1965.

Douglas-Home earned praise for his reporting of the Israeli six-day war and the Soviet build-up to the invasion of Czechoslovakia. Rees-Mogg made him features editor in 1970 and in 1973 he became home editor for a five-year spell, only marred in the end by a rumpus over the personal files he kept on his reporters.

Few echoes of that episode have survived his years since as foreign editor and deputy editor. For he has a scruffily relaxed air and is more affable than not.

He delegates responsibility widely and easily. One of the likely changes that will be welcomed is a return to the office federalism instituted by Rees-Mogg, which Evans replaced with a more autocratic system of intervention.

Douglas-Home's professionalism—he got The Times its scoop last year on the Royal engagement—is rounded out by a variety of leisure pursuits from horse-riding to music and singing.

He writes for pleasure, too, in the cool, analytical style he favours from his staff. He has just completed a book on the Royal prerogative—an examination of how the real Establishment would sort out who should take office if any argument arose about that after the next election.

Inside story

The Federal Reserve Bank of New York, whose vaults contain most of the official gold reserves of the free world—more gold than Fort Knox in fact—has just suffered its worst robbery in its 68-year history.

Fortunately, the thieves did not get away with any of he gold. Instead they managed to make off with $60,000 (£33,000), all of it in small coins, which must have weighed about a ton.

According to the bank, the suspects, who are employed in the Fed's coin department, cut open bags containing new dollar coins and quarters, took out a handful and stitched them up again with the same thread used by the Federal Mint in Philadelphia.

In some cases, they replaced the purloined dollar coins with quarters, which are only slightly smaller, to give the impression that the bags were still full, figuring presumably that it was worth forgoing a quarter of the loot to cover their tracks.

Eleven of the 16 members of the bank's coin department have been charged with the theft. All had access to the vaults, where more than one person must always be present when money is being handled. The other five have been transferred to other departments in the bank.

Con-fused

The internal combustion engine, sliced bread, drip-dry shirts—life's great inventions—all had difficult births. But none more so than the brain child which is now causing red faces in very important circles in Israel.

Chief Economic Minister Yaacov Meridor set the nation agog when he announced last year that he was helping an inventor develop a revolutionary energy process. It would be the most important discovery since the wheel, and solve the world's energy problems, crowed the enthusiastic Meridor.

Scientists hotly debated the merits of the device, which was claimed to generate cheap electricity by recycling steam used to power electricity generators.

Most energy experts were sceptical, but a few scientists were actually impressed with the device and its alleged ability to light a whole town on the energy needed for a 50-watt bulb.

Under heavy public pressure to reveal his invention, Meridor allowed Israel Television to film it and presented a detailed report to the Energy Ministry last weekend.

Then, its inventor, it was revealed, has a long history of fraud.

Meridor is now using a lot of energy himself to explain how he was taken in. The opposition has already asked him to resign, but Prime Minister Menahem Begin told Meridor to stay.

Observer

Alain Cass, recently in Singapore, looks at the growing problems of the City-state

Cracks appearing in Lee's 'rugged society'

TWENTY YEARS of sound economic management and political stability under the firm guidance of Prime Minister Lee Kuan Yew have pulled Singapore into the ranks of the developed world.

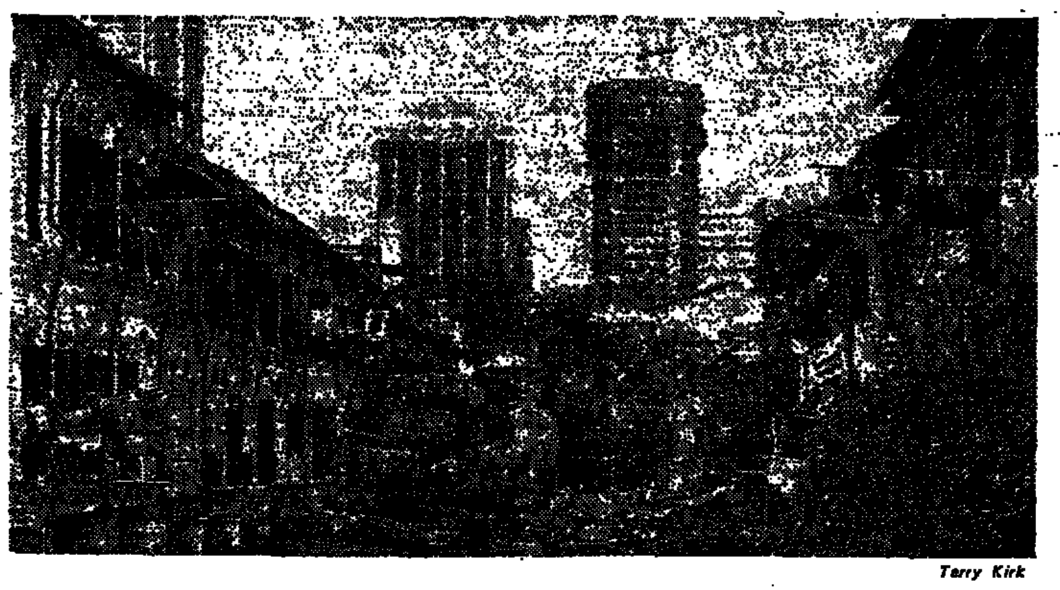
But this very success—based on low wages, high growth rates and a liberal, market economy open to foreign influence—is increasingly creating its own problems.

The gap between the rapidly rising aspirations of many of the city-state's 2.4m people and the reality of their lifestyle is growing and is in danger of becoming a political liability.

Nowhere is this clearer than in the constituency of the Member for Anson. Mr J. B. Jeyaretnam, Singapore's first opposition MP for over 15 years, holds his "surgery" on a windswept ping pong table with graffiti carved across the fading surface.

A faint smell of refuse wafts across the table which stands cordoned off to give it a semblance of dignity and purpose at the foot of a huge block of government-owned flats.

Mr Jeyaretnam's victory, much to the consternation of the Government, demonstrates that a growing number of people in Singapore are acutely aware that the material benefits of the country's success have been unevenly spread.



Singapore ancient and modern: new high-rise office blocks tower over Chinatown

Terry Kirk

Until now the success of the Singapore experiment has been self-evident: average annual growth rates over the past 20 years of more than 9 per cent; no unemployment to speak of; a higher per capita income than any Third World country outside the oil-producing states: a booming financial centre, world ranking oil refining centre and—since last year—the second busiest port after Rotterdam.

Within the region Singapore has a political and diplomatic stature way beyond its miniscule size. Mr Lee's own personality has added to this.

But the three pillars of this success—ruthless political control, moving the economy upstream into high technology manufacturing and an attempt to "shape" the Singaporean personality—no longer seem unshakeable.

"The rugged society is still in place," said one diplomat, "but it now has a question mark hanging over it."

Mr Lee's prescription for success has carefully avoided cushioning Singaporeans against the inflationary effects of high growth rates. This tough approach is now beginning to hurt; 77 per cent of the working population earns less than S$300 a month, half earn less than S$200. The official inflation figures are around 11 per cent a year. But this seems inconsistent with the rise in the purchase price of government flats which has risen by between 66 and 100 per cent over the past two years. Staples such as rice (19 per cent last year) and public transport (17 per cent) have both climbed rapidly.

There are now over 100,000 people waiting for government flats—or 4.2 per cent of Singapore's population.

The cost of private housing, meanwhile, has spiralled. Traditional neighbourhoods have been bulldozed to make way for high-rise blocks and the price of land has put even the most modest house beyond the reach of all but the rich.

Mr Lee acknowledged this danger in a speech at the Chinese New Year. Young people were impatient to "get their share of the prosperity before the boom evaporates. There is disbelief in the durability of the change we have wrought."

There is however no easy way out of this dilemma if the Government is to stick to the fundamental principles of its economic philosophy.

Singapore is obliged to maintain high levels of growth but cannot afford to push wages up too fast for fear of further fuelling inflation and eroding the economy's competitive edge abroad.

At the same time Mr Lee is adamant that both the trappings and the substance of a welfare state have no part to play in his "rugged society." Self-reliance is the watchword.

There are, nevertheless, small cracks in this tough exterior. Since the Anson defeat the housing programme has been speeded up and the mid-year wage awards, which are largely determined by the Government, may be adjusted upwards.

The Budget speech later this month by Mr Tony Tann, the Trade and Industry Minister, may provide further evidence of the delicate balancing act which the Government must now perform.

In the long run the Government is pinning its hopes on the "second industrial revolution." The aim is to turn Singapore from a low-wage, labour-intensive economy producing goods vulnerable to world recession and protectionism into a high-technology, capital-intensive centre.

Wage bills were pushed up by almost 75 per cent over the past three years, though they remain low by Taiwan or South Korean standards. A Skills Development Fund was set up at the same time to encourage companies to upgrade workers and technical education received a big boost.

The early signs are that the strategy is beginning to work. Productivity is climbing and so is new investment—mostly from abroad—in chemicals, heavy engineering, the electrical and electronics sectors.

But there is a growing lobby arguing for an alternative economic strategy. Their doubts are based on the view that the present policy will only substitute one set of products vulnerable to the vagaries of the world economy with another.

Dr Pang Eng Fong, director of Singapore University's prestigious Economic Research Unit also argues that high-technology industries such as the ones Singapore is competing for are heavily dependent on world markets. These industries are usually, though not always, large-scale requiring large amounts of land and energy.

Singapore is short of both land and energy.

They also require skilled workers and professionals in large numbers and Singapore has precious few of these. Over 11 per cent of the present workforce is already imported.

Dr Pang also argues that pursuing the present strategy means that Singapore will have to compete with neighbouring countries for foreign capital, foreign markets and labour.

Instead, he believes, Singapore should exploit its position as an entrepot and top flight services centre for the developing economies of Asia.

There is also a question mark over Mr Lee's enthusiasm for Japan as Singapore's model. The characteristics of Japan Inc.—loyalty to and identification with the company—may not in any case be right for the highly individualistic largely southern Chinese population of the city state.

Japan is an industrial society. Singapore is a mercantile one. Beyond that most companies in Singapore are small—more than 90 per cent employ fewer than 300 people—and do not have the means to substitute state for corporate welfare as Mr Lee would like them to.

Underlying all these questions is the increasing concern—clearly manifested at Anson—that many Singaporeans feel at Mr Lee's heavy-handed, Confucian-style of government.

Well meaning though they may be, his relentless attempts to make good citizens of them by trying to manipulate their private lives is undoubtedly resented even by his own supporters.

His latest attempt—compelling children to look after their parents in old age by law—neatly encapsulates the problem. "I may agree with the aim," said one lawyer, "but I find the means offensive. Besides you can't legislate for filial piety."

As is often the case there are sound economic reasons for this move. By the year 2030 Singapore's birth rate, at present trends, will reach zero growth at a total of 3.5m.

The population is getting older and will get older still. The average size of households has dropped from 6.2 people in 1968 to 4.8 in 1982, as the transformation of the urban landscape has encouraged the break-up of the traditional, Chinese three-generation family.

This means more houses, more pressure on prices, less of the economic cake to go round.

The Anson by-election provided the first poll in two decades in which Singaporeans openly questioned some of the fundamental assumptions of the "rugged society" fashioned by Mr Lee, the country's Prime Minister for nearly 23 years.

"Looking back," said one academic, "Anson was something of a watershed. Not because the election of a single MP will shake the dominance of the establishment but because it marked the end of absolute, unquestioning loyalty to the Government and the beginning of a real debate of the options for the future."

Quality v. quantity

What is wrong with British aid

By Evan Luard

A GREAT deal of discussion about Western aid programmes in the last year or so (for example, in the prolonged debate following the Brandt report) has been concerned with the *quantity* of aid provided. But equally important, as the Brandt report made clear, is the *quality* of whatever aid is given.

This question is particularly important in the case of the British programme. Since the size of our aid programme will decline drastically over the next two or three years, it is all the more important to ensure that the aid we give is providing the best possible value for money.

How does our programme stand up to an examination on that score? It may be useful to take a number of the factors commonly regarded as important in assessing the "quality" of aid and see how the British programme compares with other Western countries.

One factor which is of crucial importance in assessing quality is the degree of "concessionality" of the aid given: how much is given and how much is lent, and if lent on what terms? On this count, the British programme comes out fairly well. In 1980, according to the latest OECD review, 95 per cent of total British overseas development aid commitments were in the form of outright grants (against an average for OECD countries of only 76 per cent). The overall "grant element" was 97 per cent against 90 per cent for the OECD as a whole.

Another test often used in examining quality is the amount of aid that goes to the poorest countries (what the UN calls "low income" countries, a more comprehensive grouping than the "least developed," which exclude India, Pakistan and Indonesia, for example, even though their income a head is low). On this measure the British programme does not come out at all badly. We devote something like two-thirds of our bilateral aid programme to countries in this group, a larger percentage than most other OECD countries (partly because a considerable proportion of our programme goes to the Indian sub-continent and sub-Saharan Africa, which are very poor areas).

Unfortunately, on most of the other main tests the British programme does not do so well.

A widely accepted measure, for example, concerns the proportion of aid that is tied (usable only for purchases in the donor country). Aid-tying is generally accepted to diminish appreciably the value of the aid provided, since it obliges the recipient to use the money in a way it would not otherwise have chosen.

The proportion of aid that is tied has risen for most aid-donors over the past few years. But the British performance is worse than that of any other country. Some 63 per cent of British aid was tied in 1980, and a further small amount partially tied, the highest proportion of any OECD country (for most the figure is more like 20-30 per cent). This is particularly difficult to justify since, with North Sea oil, Britain has enjoyed a stronger balance of payments position than almost any other donor country.

> 'Important to ensure that the aid we give is providing the best possible value for money'

Next, take the amount of aid given to the multilateral institutions providing concessional aid such as the IDA and UNDP. Many people (though not all) feel that aid provided in this form is more disinterested than bilateral aid and that a larger proportion should go through these channels. In 1980, however, only 14 per cent of British aid went through multilateral institutions: a smaller proportion than for any other OECD country except France and Belgium.

Again, let us look at the proportion of British aid that goes to agriculture. At the Cancun summit there was widespread agreement about the key importance of more help to developing countries to increase their food production, an assessment that Mrs Thatcher went out of her way to endorse. Agriculture remains the basis of the economy in nearly all developing countries. Yet at present aid for agriculture represents only 10.9 per cent of the British bilateral aid programme: one of the lowest of all OECD countries (it compares with an average of 22 per cent for the EEC as a whole).

So on most of the measures commonly used to measure aid quality, the British programme does not come out well. But there has been another development over the last year, which is not yet reflected in the figures but has had a far more damaging effect on the value provided by British aid. This is the deliberate decision that a part of our aid programme should be determined by "political, industrial and commercial" considerations. This has been reflected in two recent decisions: to use a significant proportion of aid funds to subsidise British tenders for the construction of steel mills in India and in Mexico. Nearly £200m of British aid will be expended on these two projects alone. To the extent that the British tender price was above that of the nearest competitor (and it would not otherwise have been needed) this money is not providing aid for the receiving country, but for the British company involved (in both cases Davy). Yet it comes out of the aid programme and is thus subtracted from the total available for use elsewhere.

As the Financial Times commented in October: "The use of aid funds to secure overseas contracts in this way diverts resources from the poorest countries, which are not in the market for large projects and from multilateral institutions which are generally better equipped to assess a developing country's aid requirements."

Unfortunately, though the volume of British aid secures a fair amount of publicity, little attention is normally given to the way in which our aid programme is expended. Given the inadequate amount of aid we now give, there is surely a need for much more discussion, in press and Parliament, about the way the small programme which remains is at present allocated.

Evan Luard is a former Labour MP for Oxford and Junior Minister who now works for Oxfam.

Letters to the Editor

The Chancellor's pragmatism: Treasury rules not OK

From the Senior Economics Consultant Simon and Coates

Sir,—On March 11 Samuel Brittan quoted our remark that "Milton Friedman no longer rules OK" and asked "when did he?" I would argue that he did as recently as two years ago.

Friedman has long claimed that control of the money supply is both a necessary and sufficient condition for bringing down inflation: budget deficits, on the other hand, may be important in determining interest rates and growth but they have no impact on inflation unless they affect the rate of monetary expansion. The original medium-term financial strategy was exactly in line with the Friedmanite tradition of giving precedence to monetary targets rather than PSBR targets. In the 1980 Budget speech, the Chancellor said of the strategy: "At its heart is a target for steadily declining growth of the money supply. . . By 1983-84 the target rate of growth of money supply will be reduced to around 6 per cent . . . We already have the means [i.e. control mechanisms] to meet our medium-term objectives." Meanwhile the Financial Statement explained that unexpected events could lead to variations in the PSBR targets but "there would be no question of departing from the money supply policy which is essential to the success of any anti-inflationary strategy."

As Samuel Brittan points out, Friedman objected to the precise mechanism of monetary control, but immediately supported the broad strategy: "I strongly approve of the general outlines of the monetary strategy . . . The key role assigned to targets for the PSBR on the other hand seems to me unwise." Even the Treasury's extremely loose formulation of the PSBR objectives was apparently too rigid for Friedman's taste.

Now, the Chancellor is working on 1982-83 PSBR targets which maintain the downward trend incorporated in the original strategy but on monetary targets which are far higher and more opaque. My conclusion is that this represents political pragmatism—the PSBR numbers were consistent with a small reflation, while the monetary targets, if met, would have choked off the upswing. In any case, the present balance of PSBR and monetary targets surely runs directly counter to the original objectives of the strategy, and also counter to Friedman's reasons for supporting it.

Gavyn Davies,
Simon and Coates,
1 London Wall Buildings, EC2.

From Mr J. Perks.

Sir,—On March 10 you quoted the Chancellor as saying—and not for the first time—that "it is intolerable for people to be permanently condemned to pay tax on gains . . . that only exist on paper."

The word "permanently" is superfluous, but having yet again accepted the iniquity of the situation, he once more retreats behind some unspecified "practical difficulties."

Many assets held in 1965 were revalued at that date. Is it really beyond the wit of the Treasury to establish a factor to be applied to those values before the calculation of CGT?

J. L. Perks.
Heath Rock, Beacon Lane, Heswall, Wirral, Merseyside.

From the National Chairman, Association Independent Businesses

Sir—While I congratulate the Chancellor on the overall strategy of his Budget I believe that he has missed a valuable opportunity to assist in meeting the dire need for equity capital in unquoted companies. While welcoming his announcement that the tax relief for investment under the business start up scheme is to be increased, I believe that he has failed to give the necessary encouragement for extra equity participation by not extending the scheme to cover the purchase of shares in all unquoted United Kingdom resident trades, regardless of the age of the company.

At the present time there are many such businesses which are finding great difficulty in surviving largely because of the high interest they have to pay on borrowed money. While these rates are now slowly falling the danger of failure remains for a significant proportion of smaller firms which cannot service or repay their loans.

If potentially sound established businesses were able to reduce their bank borrowing by the proceeds of the issue of their own shares many which are doomed would survive and business expansion could proceed. In the longer term this would lead to an increase in productive capacity and to the alleviation of unemployment.

Brian Kingham,
Trowbray House,
108, Weston Street S.E.1.

From the Leader, Wirrall Borough Council Liberal Group

Sir, — I wonder whether industrialists will feel as pleased with the Government's financial policy when they receive (shortly) their local rate demands.

Here in Wirral, where the council has consistently adhered to guidelines laid down by successive Governments, this year, despite cuts in council expenditure in real terms, the district element of the rates will go up by 14p or 12.33 per cent. Apart from the impact of inflation, of that rise no less than 11p is attributable to cuts in Government grants to our council, even though we are a special development area with very high unemployment.

In this way much of the money the Chancellor purports in his Budget to have "given" back to industry, will in fact be clawed back by the Government through the rates system, which the Prime Minister herself has so severely criticised especially for its impact on industry.

(Councillor) Gordon C. Lindsay
25 Howbeck Road, Oxton, Birkenhead, Merseyside.

Support for pipeline projects

From the Chairman, International Management and Engineering Group

Sir,—The article (March 12) from your representative in Ankara raises once again the problem of proper support in this country for major pipeline projects.

Our company prepared three detailed studies in the years 1967-71 covering Iranian natural gas all the way to Munich, crude oil export pipeline and port facilities from southern Iran to Eskanderun and the export of Iranian natural gas to Europe via a liquefaction plant at Eskanderun. We were also involved as advisers to the National Iranian Oil Company on the revived crude oil line proposed in 1975 by a Franco-American consortium.

It is disappointing that now these giant development plans are being realised, that British contractors and suppliers will not be able to participate, except in a very minor capacity. The same thing was true on the Suez-Mediterranean pipeline; this was invented and engineered by British engineers but due to lack of backing by the British Government at the time, the ultimate construction and supply work was almost entirely confined to European companies.

Again, the Iranian gas transmission project to Russia, which collapsed with the arrival of Khomeini, was also ignored to a very large measure by British industry; with the notable exception of the unsuccessful attempt by GEC to obtain the turbo-compressor order, not one British contractor applied to qualify for this scheme. Again, British engineers were responsible for the basic concept of design and the engineering management.

In the case of the Iran-Turkey lines, this is all the more disappointing when one remembers that British diplomacy was behind the original Saadabad Pact in 1921 between Iran and Afghanistan and which ultimately led to the Baghdad Pact in 1954. This was followed by Cento in 1956 and finally the RCD (Regional Council for Development) in 1962 which attempted to create strong economic ties between Turkey, Iran and Pakistan.

It would seem that in this instance trade does not follow successful diplomacy.

I. J. Bowler.
71, Queensway, W2.

Analysis of crime

From Mr P. Ward

Sir,—A breakdown of violent crime by race apart from being an incitement to violence, must seem to any competent statistician a most *arbitrary segmentation*: why not a breakdown by family income group, for example, or number of O-levels (or even age and sex for Press appeal)?

Such analyses could not of course be made, given the highly suspect and unscientific nature of the source information. Astonishingly, figures are based on the impressions of victims, not verified data from arrests (or, better still, convictions).

The Assistant Commissioner's disingenuous defence of the decision to publish this spurious material, as carefully documented in your columns (March 11), highlights the very question he was seeking to avoid—that of motive.

E. Peter Ward.
Trio, Carlton Road, South Godstone, Surrey

Guinness Peat £13m net deficit after U.S. losses

LOSSES of £4.9m on animal fats trading in Chicago, together with rationalisation and closure losses have combined to produce a total net deficit of £13.48m for Guinness Peat Group, the commodity trading, insurance broking and merchant banking concern, for the first half of 1981/82.

The group—which has been engaged in pruning its activities since 1980—also disclosed yesterday that it was selling its remaining 30 per cent holding in United International, the international financial information company, to existing shareholders and executives. The disposal will give the group a book profit of about £5.5m and return more than £15m in cash which Guinness had invested in or advanced to Unitel.

The directors report that the group's trading results for the second half will be better. "The strength of the continuing businesses and the accelerating reduction in our borrowings will allow us to plan for a return to more normal profitability" in the current year, they state.

They say that the Chicago losses are now fully worked through. The rest of the group's commodity trading in the U.S. is developing satisfactorily. Overall commodity trading, however, was affected by the continuing recession noted in the second half of last year.

Apart from commodities the group's continuing activities had a fairly good half year and they normally return larger profits in the second half. Guinness Mahon, the banking subsidiary, and Fenchurch, the insurance broking group, are having record years, the directors state.

At the pre-tax level there was a loss of £7.39m in the first half, compared with a profit of £3.55m. In addition to the loss of the Chicago animal fats trading venture the pre-tax result reflect losses of discontinued activities of £1.64m. Profits of continuing activities showed a drop from £6.27m to £2.19m, reflecting a fall from £4.91m to £247,000 in commodity profits. For the whole of 1980-81 group pre-tax profits were £2.79m, after a loss of £4m on Chicago fats trading.

After tax and minorities and taking in the banking profit of £1.15m (£1.1m), there is an attributable loss of £8.75m, against a profit of £2.62m, before allowing for extraordinary items of £4.73m. These comprise losses and provisions of £7.29m in relation to the current programme of rationalisation consolidation and disposals, partially offset by a profit of £2.56m on the sale of shares in Linfood.

Guinness is not paying an interim dividend—the total for 1980-81 was 4p.

The directors say that the group is engaged in reversing a dispersion of efforts and investments that goes back more than five years." The reversal now being accelerated will bring funds employed and borrowings well down during the coming months and improve net cash flow by reducing interest charges.

The results announced take into account as far as possible the costs of closures and withdrawals. In several cases the return to the group of funds employed on those areas can only be completed in the coming months and reflected in the annual report.

See Lex

HIGHLIGHTS

Lex studies the latest news from Guinness Peat where the profit and loss account has moved into a £13½m loss at the attributable level for the first half. Guinness is passing the interim dividend but the sale of Unitel, partly to Exco, is the first step towards a firmer footing. The column then moves on to examine the implications of BAT's agreed tender offer for the share capital of Chicago-based department store group, Marshall Field, which values the U.S. retailer at $310m. Brooke Bond came out with its interim figures yesterday and despite an array of acquisitions and disposals the pre-tax level is £1m lower at £18.9m and there is little hope that the full year will now be able to record an advance. Finally the column looks at the results from IMI where profits are £4.4m lower at £23.8m, and that probably looks better than the underlying trend.

Shortfall at Trade Indemnity

PROFITS of Trade Indemnity fell from £3.57m to £1.97m in 1981, but the director say this credit insurance company has placed itself in a strong position to weather the recession.

They point out that, like Lloyds of London, the company operates on a three-year underwriting accounts system. The profit shortfall now reported, therefore, reflects the beginning of the recession in 1979.

The decline was predicted by Mr F. R. Dugdale, chairman, in his last annual statement, and a larger than normal balance of more than £3m was carried forward in 1980. For 1981 this has been increased to almost £4m.

The final dividend per 25p share is 4.55p net, raising the total payment from 6.34p to 6.915p, an increase of 9 per cent.

McLaughlin & Harvey

Following a marginal increase at midway from £557,000 to £603,000, pre-tax profits of USM stock McLaughlin and Harvey, finished 1981 ahead at £1.32m, against a previous £1.2m. Turnover slipped to £46.2m, compared with £46.3m.

After a tax charge of £222,000 (£603,000 credit) earnings per share are shown to be well down at 27.3p (44.9p), but the dividend is increased to 5.75p (5.25p) net with a final of 3.95p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: Lawtex.

Finals: Britannia Arrow, Britannic Assurance, City and Commercial Investment Trust, William Collins, Corah, J. Hewitt (Fenton), John I. Jacobs, Johnson Group Cleaners, Lex Service, Hugh Mackay, Thomas Tilling, Turner and Newall, United States Debenture Corporation.

FUTURE DATES

Interims—	
Glaxo	Apr 5
Habitat Mothercare	Mar 29
Halstead (James)	Mar 29
Hills and Allen International	Mar 19
Minerals and Resources Cpn.	Mar 19
Ulster Television	Apr 2
Finals—	
Eagle Star	Mar 24
Leyland Paint and Wallpaper	Mar 29
Ocean Transport and Trading	Mar 25
Oliver (George) (Footwear)	Mar 19
Senior Engineering	Apr 6
Smith and Nephew	Mar 23
Squirrel Horn	Mar 22
Telephone Rentals	Apr 28
Woodward (H.)	Mar 23

J. Bibby maintains profits momentum

IN increasing its pre-tax profits by 12.58 per cent from £10.82m to £12.15m, J. Bibby and Sons achieved record figures for the sixth consecutive year, says Mr Leslie Young, the chairman.

Turnover of this industrial and agricultural group rose from £159.92m to £204.59m, an increase of 7.73 per cent, in the 53 weeks to January 2, 1982. The final dividend is raised from 4.925p to 6.1p, which pushes up the total from 7.125p to 8.5p net, an increase of 19.3 per cent. A one-for-two scrip issue is proposed.

Mr Young says he considers the year's result to be a highly satisfactory performance, particularly having regard to the difficult trading climate in which the group operates.

The industrial group produced a higher trading surplus, mainly arising from a significant improvement in the edible oils division and further growth from the hospital and laboratory services division. Trading receipts of the new industrial services division, Furmanite International, have been included for only four weeks from the date of acquisition.

The agricultural group also produced a record level of trading surplus, with a substantial improvement in profits coming from the feeds and seeds division. There was a major reduction, however, at Farm Products, which Mr Young says "was the result of a swing from profit to a small loss in our turkey operation due primarily to exceptional adverse market conditions outside the company's control."

He says that during the year, a strong cash flow enabled the group to maintain its borrowings at a very low level and earn interest on short-term deposits. Looking ahead, he says the market in which Bibby operates will remain very competitive. He expects a further improvement in profits during the year.

Trading profits for the 53-week period advanced from £10.73m to £12.14m, and share of profits of associates was £40,000 against £32,000. Tax was higher at £2.82m (£2.59m), and after minority debits of £3,000 (nil) and extraordinary debits of £59,000 (£132,000 credits), attributable profits were £9.3m (£8.37m). After dividends of £2.26m (£1.91m), profits retained were £7.04m against £6.28m.

Stated earnings per 50p share improved from 31.87p to 36.24p, and from 19.98p to 22.53p fully taxed. On a CCA basis, the earnings were 22.35p (24.68p).

● comment

With a 12.6 per cent profits rise J. Bibby and Sons kept comfortably ahead of outside forecasts. The only blot was the turkey side, hit by over production in the industry and imports. The loss here hit gains made in a tough market by feeds and seeds, the major profit contributor. This division lifted market share through good buying and a little help from the severe weather, backed up by a policy of direct selling to farmers. An over-supplied market did not stop the edible oils side benefiting from recent cost cutting, its new crusher and good exports. But how long this activity can continue to buck the trend is in doubt. Even so the group believes it has just about got its structural balance right to withstand any individual sector upsets. It also expects to tip this balance a little further before half-time with another acquisition in the industrial services area. Overall margins remain a problem but volumes are satisfactory, and growth is the current year is likely to come from the industrial side. However, a positive recovery by turkeys is in sight. With a full contribution from Furmanite and a similar advance elsewhere £14.5m pre-tax could easily be achieved putting the fully-taxed prospective p/e, after yesterday's 10p price rise to 340p, at around 12.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Guinness Peat	int.	nil	—	2.75	—	4.0
J. Bibby		6.1	—	4.93	8.5	7.13
Broox		0.75	May 7	0.79	1.04	1.08
Brooke Bond Group	int.	1.25	July 1	1.25	—	3.91
Charterhouse Petroleum		0.5	May 18	—	0.75	0.51
Ductile Steels	int.	2.5	April 30	nil	—	4.5
Exco		2.5	June 15	—	2.5	—
IMI		2.5	May 7	2.5	4.5	4.5
Johnstone's‡		1.77	April 27	—	2.52	—
McLaughlin and Harvey§		3.95	May 6	3.45	5.75	5.25
Municipal Properties		8.25	—	—	7.5	7.5
Peel Holdings	int.	2	—	nil	—	2
Pritard		2.63	—	2.63	4	4
Trade Indemnity		4.55	—	4.14	6.92	6.29
Wolseley-Hughes	int.	4.64	July 30	4.4	—	13.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For six months.

Leisure Inds. joining USM

Leisure Industries, a toy manufacturing company that has specialised recently in the production of amateur snooker and pool tables, is coming to the Unlisted Securities Market by way of a placing of 784,362 ordinary shares, 39 per cent of those issued, at 120p per share.

At the same time, 300,000 12¼ per cent preference shares of £1 are being placed privately at par.

All the shares are being sold by existing shareholders. Mettoy is reducing its stake from 25.5 per cent to 2.55 per cent and Midland Bank Industrial Finance is declining from 20 per cent to 5 per cent.

The family of Mr Leopold Holzer, the chairman, is selling 156,191 preference shares.

In the year to March 31 1981, sales of £4.49m were composed of £2.19m from "Pot Black" snooker and pool tables, £1.13m from "Toy Works" junior snooker and pool tables and £1.18m from other "Toy Works" and "Oak Leaf" products.

Total group turnover for the current year is expected to exceed £5.2m and the directors forecast a profit of £540,000. A dividend of 2.5p in respect of 1981-82 is to be recommended. If the company had been public for the full year, a total of 5p might have been paid.

Net tangible assets at December 31 1981 amounted to £1.84m. By the end of the current year, the directors expect assets per ordinary share to amount to 88p.

The placing is being made by Samuel Montagu and brokers are Panmure Gordon.

● comment

The key question about Leisure Industries is whether the current snooker craze will have some staying power. Should it be compared with tennis, as the directors believe, or with video games? Certainly, the endorsement by Steve Davis, world snooker champion, is a coup and it is interesting that more than half of sales go through the mail order trade. The toy business is, of course, very seasonal and an August balance sheet would not look as strong as the December one. Still, the group looks adequately financed. At the placing price, the fully taxed p/e on the forecast profit is nearly 11 and the notional yield is nearly 6 per cent.

Charterhouse Petroleum at £10m

TAXABLE PROFITS of Charterhouse Petroleum, the oil and gas exploration and production group, rose from £9.1m to £10.1m for 1981 as a result of higher interest received of £4.16m, against £1.5m which was for six months of the previous year.

With petroleum revenue tax taking £1.45m more at £4.01m, and corporation tax absorbing £3.51m (£3.53m), this meant a fall in net profits from £3.04m to £2.58m and a drop in earnings per 25p share from 3.5p to 3.23p. However, the final dividend, as forecast is 0.5p net, for a total payment of 0.75p (0.5p for six months).

Both turnover and profit from oil production before duty showed improvements for the 12 months, with results of £17.17m (£14.52m) and £10.86m (9.11m) respectively, but this was more than offset by supplementary petroleum duty £2.53m (nil), higher exploration costs £1.02m (£266,000), associate company losses £92,000 (nil) and interest payable £774,000 (£1.26m).

Trading profits, therefore, fell from £7.6m to £5.95m. ...

Below the line, there were exchange losses of £166,000 (£417,000 gains) and the attributable balance finished £1.04m lower at £2.42m. On a CCA basis, pre-tax profits are shown at £8.57m (£8.45m).

The directors report that the group has taken significant steps during the year under review and the early part of the current 12 months to increase its commitment to exploration for oil and gas. In addition the group also became the operator for UK block 13/19. The development of this capacity, say the directors, will increase the scope of the company's operations and will ensure that it can fully utilise the resources of its technical staff and take advantage of new exploration opportunities as they arise.

Further appraisal of the North Sea block 20/2 discovery is scheduled to take place during the current year and, if successful, will contribute a substantial increase in crude oil reserves.

The company has also been successful in its first overseas venture, obtaining a significant interest in a large offshore concession in Abu Dhabi.

The company's net acreage position increased from 14,378 net acres at the beginning of 1981 to 164,888 net acres at March 1982. This acreage lies in areas of proven hydrocarbon potential, the directors state, and greatly enhances the spread and quality of exploration prospects open to the company.

● comment

At current crude prices, Charterhouse Petroleum's share of production from Thistle is of less interest than it might have been. It would, in any case, be unsurprising to find that flows in 1982 were somewhat reduced by maintenance shutdowns (although the field has been producing at well above the 1981 average in the first two months). Cash balances of £30.7m at the year-end are still chasing investment propositions, particularly now that CCP may fail to Tricentrol instead. Whatever the outcome, Charterhouse is pressing on with its exploration programme at an accelerated rate, having spent four times as much in 1981 as in the previous year, and would also like to buy some more interests in Block 20/2, where its existing acreage has seen significant discovery. Up 6p to 7p—probably reflecting the existence of a competitive bid for CCP—the shares yield 1¼ per cent.

Two Counties Radio profit at £50,616

For the year ended September 30 1981, Two Counties Radio, commercial broadcasting station, serving Bournemouth and the surrounding area, boosted turnover from £54,770 to £797,289, and produced a £207,744 turnround to pre-tax profits of £50,616, in its first full year of operation.

Lord Stokes, chairman, tells members in his annual review that the company anticipates that the next 12 months "will see us continue to gather strength."

He explains that new radio stations in general have not in their first year in operation. Coupled with the depressed economic conditions he feels the results are not only satisfactory, "but very encouraging for the future."

Lord Stokes says that as the company has not yet recovered all its pre-broadcasting losses the directors are not in a position to recommend any dividend payment.

Balance sheet at the year end shows shareholders' funds of £152,187 (£100,623), fixed assets of £421,223 (£401,605), and net current liabilities of £19,036 (£51,930).

Grovebell back in profit and progress to continue

A RETURN to profitability has been achieved by Grovebell Group in 1981 and the directors believe that the improving trend will be maintained. Pre-tax profit for the year was £64,010, against a £615,278 deficit previously, and this follows a reduction in first-half losses before tax, from £410,353 to £15,403.

The directors explain, however, that the Companies Act 1980, prevents dividend distributions while there is a deficiency on the profit and loss account and in consequence, Grovebell has not paid the dividend on the 9 per cent cumulative preference shares since the payment made on March 31 1980.

They add that the company is similarly precluded from paying a dividend on the ordinary shares for the year. The last ordinary payment was an interim of 0.5p net per 5p share in respect of 1979.

The company's garage subsidiaries, taken as a whole, have produce a profit for the year, against a loss previously, while the subsidiary engaged in the confirming of imports and exports contributed significantly higher profits.

Turnover of the continuing group increased from £9.35m to £12.87m. Profits rose from £219,750 to £411,564. Last time, those companies closed or sold contributed a further £1m to turnover and made losses of £299,343.

Interest charges decreased from £535,685 to £347,554. Tax credits were lower at £6,087 (£52,745) and basic earnings per share are shown as 0.39p (£19.34p deficit). There was also an extraordinary credit of £35,075 in 1980.

SPAIN

March 16	Price %	+ or −
Banco Bilbao	348	
Banco Central	352	
Banco Exterior	302	
Banco Hispano	323	
Banco Ind. Cat.	110	
Banco Santander	356	
Banco Urquijo	215	−6
Banco Vizcaya	368	
Banco Zaragoza	245	
Dragados	152	−4
Espanola Zinc	61	
Fecsa	60.2	+1
Gal. Preciados	42.5	+1
Hidrola	63.2	−0.3
Iberduero	52.2	+0.7
Petroleos	95	+2
Petroliber	99	+1
Sofelisa	13	
Telefonica	72	−0.5
Union Elect.	64	+1

Gas & Oil Acreage back in the black

Profits, after tax, of Gas and Oil Acreage, exploration and production concern, amounted to £261,000 for 1981. This is compared with losses of £186,000 in the first half, and £373,000 for the whole of the previous year.

In the North Sea the floating production platform and offshore loading buoy in the Buchan Field were commissioned in May of last year, and up to the end of 1981 production had totalled 6.4m barrels, of which the company's share was 154,000 barrels, the directors state.

Also in the North Sea the company has recently completed drilling the first well on Block 16/21B which has confirmed an extension of the Balmoral Field into the company's licence area.

A subdivision of the 20p shares into four of 5p is proposed. There is no dividend for the year.

Yearlings up

The interest rate for this week's issue of local authority bonds is 13⅜ per cent, up one eighth of a percentage point from last week and compares with 12⅞ per cent a year ago. The bonds are issued at par and are redeemable on March 23 1983.

A full list of issues will be published in tomorrow's edition.

English and New York Trust—Standard Life Assurance purchased an additional 500,000 ord stock units bringing total holding to 3,287,304 units (8.2 per cent).

UK COMPANY NEWS

Brooke Bond lower as interest charges treble

WITH interest charges more than trebling from £3.47m to £10.75m, pre-tax profits at Brooke Bond Group, formerly Brooke Bond Liebig, fell from £19.33m to £15.92m in the six months to December 31, 1981.

Sales of this packer and distributor of tea, coffee and meat rose from £325.99m to £486.3m.

The interim dividend is unchanged at 1.25p—last year's total was 3.905p paid from pre-tax profits of £41.75m.

The directors say trading profit was ahead of the corresponding period of last year, both in the UK and overseas. Exchange translation contributed £1.5m, profits improved from trading, manufacturing and distribution activities overseas, particularly in Australia and India.

Plantations and ranches *showed a net gain. Meat processing* and retailing in the UK continued to experience difficulties. Mallinson-Denny is included for the first time and contributed a profit before tax *despite the continuing adverse* conditions in the industry.

They say, however, that this was insufficient to cover interest cost of the cash element of the acquisition. Interest charges also reflect higher rates worldwide.

The group has announced a number of disinvestments in the *year to-date, which are reflected* in the figure for extraordinary items, and which will have a beneficial effect on profitability and gearing. In the UK, the Mallinson-Denny division is *being re-structured in order to* improve future profitability.

Trading profit for the six months was up from £22.8m to £29.67m, and there was a tax charge of £8.27m against £7.96m, leaving £10.65m (£11.37m). After deducting minorities of £818,000 (£374,000) and adding extraordinary items of £1.41m (deduct £481,000), attributable profits came out at £11.24m compared with £10.52m. All comparisons have been re-stated.

See Lex

Exco boosts profits by 78%

Exco International, the fast-expanding money broking group which came to the London Stock Market in spectacular fashion last November, reports a "highly successful" year in 1981, with pre-tax profits up 78 per cent and net earnings showing a 100 per cent jump.

The group—whose offer for sale was oversubscribed 62½ times—also announced yesterday that it was purchasing a 13.9 per cent shareholding in Unitel International from Guinness Peat Group, lifting its stake in the international financial information company to 40.9 per cent. *The purchase price is US$10.4m* (£5.72m), which will be met by a placing of new Exco shares.

Turnover of Exco in 1981 advanced by 50 per cent to £36.57m and profits, before tax, showed an increase from £5.99m to £10.65m of which £5.65m accrued in the second six months. Providing for tax of £5.62m (£3.27m) and minorities, net earnings came through ahead from £2.16m to £4.32m. Fully diluted earnings per 10p share are stated at 12.79p (7.95p).

The directors report that income for January and February 1982 "indicates improved levels of trading" over the same period last year and they continue to view the future with confidence.

The dividend is 2.5p net per share, as forecast in the prospectus. The directors said at the time that had the company been listed throughout the year they would have recommended a total dividend of 4.5p net.

On the increased holding in Unitel the directors say they welcome the opportunity of strengthening links with a company which they believe has "significant potential for growth."

● comment

At first glance, Exco's preliminary figures are slightly disappointing, second half profits only mirroring those of the first. But the second half in money broking is traditionally weaker and there is no contribution here from last October's Telerate acquisition. The 16.5 p/e indicates that hopes remain very high and so far, the money broking side is growing at 20 per cent overall. In London, which accounts for slightly less than half of the business, the new negotiated commission structure is enabling the group to pick up volume but at the expense of margins. In New York, the start-up of the offshore banking market and the increasing participation of regional banks in money markets is creating a spurt of growth while momentum in the Far East is being maintained. The real *excitement is over* Telerate, which is struggling to meet strong demand for its quotation system. Exco would have liked to raise its stake even higher but that would have meant consolidating a $40m loan that would have overwhelmed the group's £12m of tangible equity. The two placings raise the public float of Exco shares by more than a quarter since the group's spectacular market debut last November, and the shares understandably sagged 6p to 212p yesterday.

Standard Life assets pass £4bn

The total value of funds within **Standard Life Assurance Company**, Scotland's largest life company, advanced by more than £600,000 to £3.55bn in the year to November 15 1981. Total assets of the company passed the £4bn mark rising from £3.56bn to £4.05bn over the year.

Last year the company invested £107m of its new money from the UK and Republic of Ireland in fixed-interest securities, of which around £20m was to cover Guaranteed Income Bond business in Ireland.

Most of the UK fixed-interest investment was in the gilt market.

The company also invested £101m of UK new money in equities of which around £40m was overseas. A further £43m was invested in property, bringing the total value of the property portfolio in the UK and Republic of Ireland to £503m.

Mr A. M. Hodge, in his chairman's review, referred to the growth in the company's UK pension business. Total deposits in the pension managed funds rose £7m to £51m, bringing the value of these funds at the year end to £354m.

The group's Canadian business improved last year. The bulk of investment in Canada has to be in fixed-interest securities to cover the liabilities and the fixed interest portfolio rose to C$1.14bn. The equity portfolio amounted to $320m and the property portfolio $292m.

The group has been increasing its property investment substantially over the past few years.

Wolseley Hughes up 53%

ALTHOUGH IT has been a *period of mixed fortunes* at Wolseley-Hughes, with parts of the group seeing a slight upturn in orders while others remain in deep recession, sales rose 19 per cent and pre-tax profits jumped by 53 per cent, for the six months ended January 31 1982.

With results evenly spread throughout the divisions, sales of this domestic heating, and plumbing distribution, engineering, agricultural concern amounted to £104.69m (£88.05m) and the taxable surplus was £5.25m, against a previous £3.44m.

Mr J. Lancaster, chairman, says there is unlikely to be any significant change in the group's fortunes until the economy starts to expand: meanwhile directors continue their efforts to prune all unprofitable activities.

The interim dividend is increased from 4.4p to 4.84p net per 25p share—last year's final payment was 9.35p paid from pre-tax profits of £8.02m.

Sales included exports of £6.6m (£5.58m) for the six *months and the pre-tax figure* was after interest of £180,000, compared with £425,000.

After tax of £1.92m (£1.79m) and minority interests, £3,000 (£28,000), the available balance was £3.32m (£1.62m). Dividends will absorb £776,000 (£701,000).

Mr Lancaster attributes the improved results overall to a better export performance, an improvement in home demand for farm machinery, and last year's cost savings throughout the group.

● comment

Wolseley-Hughes' shares had been gaining in advance of yesterday's news. From 265p last November, they climbed to a record 370p before the announcement yesterday and gained a further 4p to finish at 374p. This price is anticipating continued recovery from WH—so far the improvement is thanks to loss elimination, cost-cutting, and improved export earnings. Volume has improved by 10 per cent in domestic heating and plumbing distribution, its main business, but margins have yet to rebound. The company reports some recovery in demand in farm machinery which indicates that de-stocking in this sector may be over. This division has returned to profits and WH says only one or two small loss-makers remain in the group. Assuming a doubling of the interim results, the shares stand on a prospective fully taxed p/e of around 11.5. The prospective yield is under 6 per cent, if the final dividend is lifted in line with the interim. The shares have a net asset backing per share of more than 342p.

IMI behind despite better second half

SECOND HALF pre-tax profits of **IMI**, fabricated products, components group, increased from £11.14m to £13.61m, but for the whole of 1981 the figure finished £4.43m behind at £23.51m. External sales dropped to £532.5m, against a previous £628.6m.

The directors are recommending an unchanged final dividend of 2.5p, however, maintaining the total at 4.5p net per 25p share.

Increased profits were derived from activities in water heating, alloy tube, plastic pipe and fittings, radiator manufacture and servicing and fluid power in the US, the directors state.

Eley sporting ammunition and IMI Rod and Wire did better than in 1980, but neither traded on a satisfactory basis. IMI Titanium continued to grow although at a slower pace and was less profitable than the previous year.

The Australian, Marston, fitting, valves, refining and UK fluid power activities showed some decline, they say. There was a more serious deterioration in performance in copper tube and rolled metals, but some improvement was evident towards the year-end on the tube side.

Of total sales, the home figure fell from £380m to £327m, export sales were down to £114m (£135m), and overseas sales declined from £114m to £91m.

Profits for the year were after depreciation of £14m (£12.45m) and subject to a tax charge of £5.17m, against £5.69m. Minority interest amounted to £1.08m (£765,000).

During 1981 the zip fastener companies became associates as part of the Opti Group, in which IMI has a 50 per cent interest. Figures for the year include the results of these companies up to the date they became associates, comprising sales of £16.6m (£53.3m for full year), and pre-tax losses of £3m (£3.9m).

The directors consider that the equity investment in Opti should be provided against in full because of continued trading difficulties and £5m has therefore been written off as an extraordinary item.

Extraordinary debits for the year came to £5.05m (£1.06m credit) and including a £635,000 profit (£883,000 loss) in metal stocks after tax, the attributable balance came through £8.19m behind at £15.3m (£23.49m). Dividends absorb £12.06m (£9.39m).

Excluding the extraordinary items, earnings per share are 7.9p (10.2p) and 5.9p (10.7p) including the same.

On a current cost basis pre-tax figure is reduced to £6.3m (£7.7m).

See Lex

Pittard results 'encouraging'

A TURNROUND of more than £1.6m has produced "encouraging" results at Pittard Group for 1981, according to Mr Neil Wood, chairman.

However, Mr Wood notes that the pre-tax surplus of £1.13m would in normal times be "inadequate," on turnover of £18.16m (£18.33m). Last year a deficit of £524,000 before tax was incurred.

The final dividend of this leather manufacturer has been repeated at 2.625p, which holds the total at 4p.

"We view prospects for 1982 with more optimism," says Mr Wood, "and would expect profits to be higher than in 1981."

He adds that orders on hand are materially better than they were this time last year. Although margins leave much to be desired, he is confident that they will improve.

Mr Wood says that the turnround was brought about by economy of production costs, lower interest charges, the reduction of stock losses and favourable currency movements.

The value of sterling has started to work in the company's favour. Overseas sales in the second half showed an increasing trend and accounted for 44 per cent of sales (42 per cent) *for the 12 months.*

Pre-tax profits were struck after depreciation of £280,399 (£296,513) and interest charges of £481,386 (£636,240). Tax £108,472 (credit £886,781).

There was an extraordinary credit last time of £413,767, which left attributable earnings of £479,148. At the attributable level this time earnings improved to £1.02m.

● comment

Following a disastrous 1980, Pittard has resumed normal service as soon as possible. With the slump in hide prices behind it, stock losses have been more than halved to about £500,000. Pittard sees its future chiefly in terms of the export market, and 1981 saw the new water repellent glove leather making a big impact in the U.S. golf glove market. This year is likely to see exports up to 50 per cent of sales. The home market has been flat, but the company believes that customers' stocks are now at very low levels. Pittard is about to move onto treble shift working and is looking for a 10-15 per cent volume increase this year, which can be sustained in present capacity. After the figures the price of this tightly held share gained 3p to reach 60p, equalling an eight-year high and yielding 10 per cent, with a p/e of 9. Pittard hopes in future to be able to increase dividends in line with inflation.

Westwood chief gives warning

Unless Westwood Dawes is successful in obtaining further orders soon, Mr Jeremy Westwood, chairman, tells members it is unlikely that a profit will be achieved for 1982 as a whole.

He adds that unless there is some measure of reflation, prospects for the company "will be extremely bleak," and until some confidence is restored to the business sector, it will not be able to benefit from economies made.

Should the situation be prolonged "your board will have to reconsider the company's future," he states.

As reported on February 26, the company incurred a taxable loss of £186,893 for the December 31, 1981 year, compared with a profit of just £91. There is again no dividend for this structural and mechanical handling engineer—the last payment was a final of 1.5p in 1979.

Mr Westwood says that trading was profitable in the last quarter of the year, and although this is continuing in the current year it is due mainly to a large contract secured last August. He explains that while the major benefit from this is still to come, general orders are irregular and no further large contract is yet in sight.

Balance sheet shows shareholders funds at £467,729 (£550,542), and net current assets at £203,253 (£363,412).

Meeting, Pedmore House, Pedmore, Stourbridge, on April 8, at 12.30 pm.

Bronx loses £882,938 in full year

AS PREDICTED at the interim stage when *taxable losses of* £533,402 were made, **Bronx Engineering Holdings** showed a pre-tax loss for the year to November 30 1981.

The taxable deficit reached £882,938, *compared with* previous profits of £506,921 on turnover halved at £7.48m (£14.84m).

At half time turnover was £3.94m (£6.48m) and in his *interim statement* the chairman said that, provided the order intake improvement seen at that stage was maintained, he was hopeful of a return to profit in 1982.

When the interim dividend of 0.25p per share was paid it was stated that the final dividend would be dependent on the results for the year and the outlook for 1982. In view of the return to profitability *expected in the current financial* year the directors propose a final of 0.79p, bringing the total to 1.04p (1.08p).

Losses per ordinary 10p share were stated at 6.51p, compared with previous earnings of 12.96p.

There was a loss, after tax and dividends, of £944,333, compared with profits of £1.49m. The balance carried forward was lower at £1.87m (£2.82m).

Johnstone's Paints better than expected

Better than forecast profits were shown at the taxable level by **Johnstone's Paints** for the year to November 28 1981. The *result was 41 per cent ahead at* £1.62m, compared with £1.15m. The forecast at the time of the USM placing in October 1981 was £1.55m.

Turnover rose from £7.40m to £8.12m. The final dividend is 1.765p—in line with the October 1981 forecast.

Earnings per share were given as lower at 8.53p (9.11p)

The charge for taxation rose *from £189,000 to £721,000.* The directors point out that the comparative figure for 1980 includes the effect of releasing deferred taxation of £216,000 relating to the change in stock relief.

There was an extraordinary charge this time of £78,000, in connection with the placing on the USM.

Retained profits emerged lower at £712,000, compared with £959,000.

On a current cost basis the pre-tax profits came through at £1.48m and earnings per share at 7.19p.

Companies and Markets

BIDS AND DEALS

Panel to continue ACC share probe

BY JOHN MOORE, CITY CORRESPONDENT

THE TAKEOVER panel is to continue on Friday its examination of the purchase of a block of 925,000 "A" non-voting shares in Associated Communications Corporation by business interests of Mr Robert Holmes à Court.

Mr Holmes à Court, who through his master company, the Bell Group, and TVW Enterprises, an associated company, is bidding for ACC, spent four hours with the Panel on Monday discussing the purchase of the shares.

The share purchases, made over a four-day period, triggered an investigation by the Panel and forced Mr Holmes à Court to raise his proposed takeover bid for ACC to 95p per share. That represented a 10p per share increase on an earlier offer made by his business interests for ACC's quoted non-voting equity.

The share purchases were made by TVW Enterprises, which paid up to 95p per share for the block of shares. The Takeover Code requires bidders who are buying shares in the stockmarket at a higher price than their offer to increase the offer immediately to the highest price paid for the shares. The Panel has been investigating why there was a delay in the announcement of the revised bid and the circumstances of the purchase.

A pre-condition of the bid by Mr Holmes à Court was that Lord Grade should step down as chairman and chief executive of ACC and that he should be appointed in his place.

Directors of ACC have been reviewing the position of Mr Holmes à Court as chairman following an Appeal Court ruling which cast doubts over whether a bid by his business interests could succeed.

Mr Holmes à Court said yesterday that he had not decided whether he will step down as chairman of ACC. "I have not made any decision at this stage but I am keeping the matter under review."

On Thursday of this week, the offer document is expected to be dispatched to ACC shareholders which will detail a two tier offer from TVW Enterprise. TVW is offering shareholders 110p per share providing it gains 90 per cent acceptances, and a fallback bid worth 95p which will become effective if it only gains control.

A forecast for ACC, commissioned by Mr Holmes à Court three or four weeks ago, and prepared by ACC auditors Binder Hamlyn will be studied by the board on Thursday. The forecast will indicate the trading results of ACC for the financial year ending March 31, 1982. At the half way stage of its financial year ACC reported losses of £8m. The forecast is expected to be announced on Thursday.

Mr Holmes à Court confirmed yesterday that a $2m Cessna jet purchased through an ACC subsidiary had been sold at a loss of approximately £150,000. "I have established the circumstances surrounding the purchase of the jet," he said, "and reported them to the board."

He said that the latest offers had been made through his TVW interests because TVW already controls over 52 per cent of the non-voting equity and would have to pay a much higher average price per share than the Bell Group. Bell would have to pay 110p per share, whereas TVW would be paying an average price of 51p per share for the non-voting equity.

Mr Holmes à Court reiterated his warning yesterday that a rights issue might be necessary if the group does not gain full control of ACC. "A rights issue may be necessary. If we got 90 per cent then it would be up to us to inject new equity and capital."

If the 95p per share offer succeeds TVW will enfranchise the non-voting shares.

Commenting on whether TVW would take profits on its stake in ACC, Mr Holmes à Court said, "The question of selling out is always there. It is an alternative which TVW will have to assess in the long term. TVW never planned a full bid. It was made to protect its investment."

£16.7m forecast by Tunnel

Tunnel Holdings, the cement and speciality chemicals group, has disclosed a pre-tax profits forecast for the year to March 28 of £16.75m against £15.55m. The gain fulfils a forecast of higher profits for the year which Tunnel originally made last May in combating the unwelcome takeover bid from Thos W. Ward.

The forecast and detailed assumptions underlying it are included in the formal offer document posted to Tunnel's shareholders last night by Rio Tinto-Zinc Corporation.

As announced on February 25, RTZ is offering alternative cash or share terms for the 49.1 per cent of Tunnel's shares which it does not already own, as a result of its own market purchases and its acquisition in January of Thos W. Ward.

On the basis of a share price of 415p for RTZ, the offer comprises shares equivalent to 553p per Tunnel share with a 550p cash alternative. The bid is recommended by Tunnel's board and its advisers, Kleinwort Benson.

REDIFFUSION

Rediffusion's parent company, British Electric Traction, has purchased from Philips Electronic and Associated Industries 7.49 ordinary Rediffusion shares. This increases BET's holding to 55.2m ordinary shares (63.92 per cent). Philips now holds no ordinary Rediffusion shares.

Berisford ready for Commission

BY RAY MAUGHAN

COMMODITY TRADER S and W Berisford believes that it can counter the representations made by British Sugar Corporation to the European Commission. British Sugar has officially raised the question of the 40 per cent stake held by Berisford with the Competition Directorate of the European Commission under Article 86 of the Treaty of Rome.

The essence of British Sugar's case, outlined at the beginning of this week, is that control of the dominant producer in the UK sugar market, British Sugar Corporation, by the dominant merchant, S and W Berisford, "will distort competition."

Mr John Beckett, chief executive of British Sugar, said then that he hoped that "in the final outcome, Berisford would be judged to have abused that position and would be forced to divest."

After a qualified go-ahead from the Monopolies Commission and a prolonged bid, which lapsed last summer, Berisford will be free to add to its holding from the beginning of July.

Speaking to Berisford shareholders at the annual meeting yesterday, the chairman, Mr Ephraim Margulies, said that at the outset the commodity trader had "consulted high officials in the European Commission." Although no formal commitment had been given in what was then a hypothetical position, the group had been informed that there would be no objection to a bid.

Berisford's finance director, Mr Gordon Percival, said after the meeting that "the first thing we did when we made the bid was to consult DG 4, the Competition Directorate of the European Commission, and DG 6, the Agricultural Directorate. We felt," he said, "that it was the prudent thing to do."

Earlier, Mr Margulies had told the meeting that loss elimination and sharply better results in some divisions had offset setbacks elsewhere, and profits were modestly ahead so far.

He hoped that the current year would compare favourably with 1980-81.

GORDON AND GOTCH

Gordon and Gotch announce a restructuring of the shipping and forwarding activities of subsidiary Dawson Royle and Willan.

Existing groupage services to Australia, New Zealand, South Africa, Canada and U.S. continue as now, while groupage services to all other destinations are being discontinued.

A further change is that the group's book export wholesaling operation, hitherto carried on by Gordon and Gotch Books is also being discontinued.

LLT agrees £1.8m deal

London and Liverpool Trust has conditionally agreed to acquire three companies: Guardian Computer Services; Domelion; and T & T (Metal Products).

These acquisitions involve an initial consideration of £1.81m, including £35,000 in cash, and the issue of 4.52m ordinary 10p shares in LLT, amounting to £1.78m. On completion 2.13m of these shares will be placed on behalf of the vendors.

Further considerations will be payable depending on the profits of the companies being acquired.

The Guardian Group comprises software houses in Manchester and Leeds, two subsidiary wholesalers of computer supplies, and an employment agency for computer staff. In the last full year Guardian pre-tax profits were £34,000 on sales of £676,000. The initial consideration is £300,000. Two further tranches amount to a maximum £800,000.

The Domelion Group is a distributor of business equipment. Pre-tax profits for 1981 were £249,000 on sales of £4.52m. The initial consideration is £30,000 cash and £1.4m in shares.

T & T (Metal Products) is a specialist manufacturer involved in stove enamelling and press work. Pre-tax profits for 1981 were £41,000 on sales of £513,000. The initial consideration is £84,857.

Peel's acquisitions

CONDITIONAL AGREEMENTS have been reached for the acquisition by Peel Holdings, property investment and management company, of two properties from Lamp Investments and Surby, and the whole of the issued share capital of Abbeygate Securities (Midland). Lamp and Surby are wholly-owned subsidiaries of Largs, the ultimate holding company of Peel.

The two properties, which have an aggregate rental income of £116,900, are located at Bury and Blackburn, and have been independently valued at £1m. Consideration for these acquisitions is to be satisfied by the issue of new ordinary shares in respect of the Blackburn property, and Lamp will receive 652,174 shares in respect of the Bury property.

The vendors, P. T. Jevans and T. Dootson of Abbeygate, will receive 272,550 new ordinary shares. The consideration for Abbeygate reflects a discount of 39 per cent on the estimated development profit on completion of the Blackpool property based on the current share price of 116.5p. The acquisitions are valued in total at £1.33m.

The new shares will not rank for the interim dividend which was declared along with Peel's half-year figures yesterday.

Pre-tax profits for the half-year to September 30 1981, improved from £33,951 to £48,279. Total income was down from £117,417 to £100,095. There was again no tax charge.

The interim dividend is 1p (nil)—last year a single payment of 2p was made. Largs is to waive its entitlement re its shareholding until March 31 1984.

Stated earnings per 25p share improved from 2.5p to 3.35p.

LONDON TRADED OPTIONS

Mar. 16 Total Contracts 1,916 Calls 1,399 Puts 517

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	260	22	4	—	—	—	—	278p
BP (c)	280	9	15	18	—	24	30	"
BP (c)	300	5	—	9	—	15	21	"
BP (c)	360	½	—	3	10	—	—	"
BP (p)	260	10	106	—	—	—	—	"
BP (p)	280	24	5	26	—	28	25	"
BP (p)	300	44	—	46	—	46	20	"
BP (p)	360	104	100	106	—	—	—	"
CU (c)	140	10	13	13	—	18	—	145p
Cons. Gld (c)	360	20	9	27	9	37	—	359p
Cons. Gld (c)	390	7	—	18	4	22	—	"
Cons. Gld (c)	420	3	—	10	5	15	4	"
Cons. Gld (p)	360	13	1	27	8	32	—	"
Cons. Gld (p)	390	37	1	42	1	47	—	"
Ctlds. (c)	70	16	1	17	—	21½	—	83p
Ctlds. (c)	80	6½	5	13	84	14½	—	"
GEC (c)	700	122	2	140	—	—	—	814p
GEC (c)	800	30	10	60	—	77	—	"
GEC (c)	850	9	—	35	30	52	—	"
Gr'd Met. (c)	180	29	1	36	—	42	—	204p
Gr'd Met. (c)	200	14	12	18	—	25	—	"
Gr'd Met. (c)	230	4	10	8	10	13	20	"
Gr'd Met. (p)	220	18	—	20	—	22	10	"
ICI (c)	260	72	10	80	—	—	—	328p
ICI (c)	300	32	37	42	—	54	5	"
ICI (c)	330	11	—	29	5	36	—	"
ICI (c)	360	5	—	12	7	20	—	"
ICI (p)	300	3	—	7	2	9	—	"
ICI (p)	330	11	2	16	3	20	—	"
ICI (p)	360	34	24	36	—	38	—	"
Land Sec. (c)	330	4	—	12	—	16	10	296p
Shell (c)	360	7	11	20	—	30	—	348p
Shell (c)	390	3	—	10	10	18	—	"
		May		August		November		
Barclays (c)	500	6	16	10	—	20	—	453p
Barclays (p)	420	2	—	8	3	—	—	"
Barclays (p)	460	17	—	27	1	30	—	"
Barclays (p)	500	50	—	52	3	55	—	"
Imperial (c)	70	21½	20	24	—	—	—	91p
Imperial (c)	80	11½	157	15	54	18	—	"
Imperial (c)	90	4½	160	8½	52	10½	30	"
Imperial (p)	80	1	—	2½	—	4	30	"
Imperial (p)	90	3½	10	5½	—	6½	—	"
Lasmo (c)	280	18	—	30	1	42	—	276p
Lasmo (c)	300	9	13	22	—	32	—	"
Lonrho (c)	70	7	10	10	175	11	—	74p
Lonrho (c)	80	3	20	5	12	7	—	"
Lonrho (p)	70	2½	23	4	6	8	—	"
Lonrho (p)	80	8	—	9	—	11	3	"
Lonrho (p)	90	17	31	18	—	—	—	"
P & O (c)	110	20	5	—	—	—	—	126p
P & O (c)	120	14	5	18	—	22	—	"
P & O (c)	130	8	7	12	—	17	—	"
Racal (c)	330	45	—	55	1	62	1	371p
Racal (c)	360	24	10	35	2	47	2	"
Racal (c)	390	8	21	22	—	33	—	"
Racal (c)	420	3	2	12	—	—	—	"
Racal (p)	330	4	—	8	32	13	—	"
Racal (p)	360	10	10	15	—	20	—	"
Racal (p)	420	55	—	57	1	—	—	"
RTZ (c)	420	22	2	32	—	40	—	414p
RTZ (c)	460	9	200	17	—	27	—	"
RTZ (p)	390	9	—	15	4	17	—	"
RTZ (p)	420	21	8	30	—	35	—	"
Vaal Rfs. (c)	35	6	—	7½	—	9	1	$39
Vaal Rfs. (c)	40	3	2	4½	5	6	—	"
Vaal Rfs. (p)	35	2½	—	2¾	—	3¼	10	"
Vaal Rfs. (p)	45	1½	—	3	6	4	3	"
Vaal Rfs. (p)	40	4	14	5	10	5¾	—	"
Vaal Rfs. (c)	50	12	—	13	10	12½	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C $325	4	16.50 B	15	29	—	—	$325
GOLD C $350	8	6.50 B	15	17	60	24	"
GOLD C $375	17	2.10	5	9 B	10	18.50	"
GOLD C $400	11	1.50	1	4.50	25	11	"
GOLD C $425	1	0.50	3	2.50	—	—	"
GOLD P $325	151	16 A	38	18 A	12	20 A	"
GOLD P $350	50	34 A	30	34 A	4	35 A	"
GOLD P $375	1	51 A	—	—	3	52 A	"
12¾ NL 81 87-91							
C F.107.50	80	3.60	10	3.80	—	—	F.111.20
C F.110	—	—	40	2.30	—	—	"
C F.112.50	—	—	—	—	165	1.90	"
P F.110	—	—	—	—	20	1.50	"
10¼ NL 80 86-95							
C F.95	35	7.20	—	—	—	—	F.102.40
C F.100	—	—	10	3.10	—	—	"
P F.100	—	—	—	—	30	1	"
11¼ NL 82 88-92							
C F.100	100	3.10	—	—	—	—	F.103
C F.102.50	20	1.30	50	2.20	—	—	"
	April		July		Oct.		
AKZO C F.25	38	3.70	—	—	—	—	F.28.40
AKZO C F.27.50	16	1.50	—	—	—	—	"
AKZO C F.30	—	—	42	0.90	75	1.30	"
AKZO P F.27.50	39	0.70	20	1.50	11	2.20 A	"
HEIN C F.50	11	3.40	—	—	—	—	F.52.10
HEIN C F.55	—	—	—	—	10	2.90	"
HOOG C F.15	10	1.70 B	—	—	5	2.40	F.16.20
HOOG P F.15	5	0.30	—	—	—	—	"
KLM C F.90	10	13.70	5	17.50 B	—	—	F.102.50
KLM C F.100	243	6.10	31	11	—	—	"
KLM C F.110	135	3	153	6.60	4	8	"
KLM C F.120	45	1.30	—	—	—	—	"
KLM P F.80	12	0.20	—	—	—	—	"
KLM P F.90	30	0.80	—	—	—	—	"
KLM P F.100	139	3.10	9	5.80	—	—	"
KLM P F.110	25	10.30	—	—	—	—	"
NEDL C F.110	5	3.50	—	—	—	—	F.109.60
NEDL C F.120	—	—	10	2.20	—	—	"
NEDL P F.110	13	3.90	8	9.50 A	—	—	"
NEDL P F.120	21	10	—	—	—	—	"
NATN P F.105	—	—	—	—	10	3.50	F.106
PHIL C F.20	40	2.20	10	2.50	—	—	F.21.90
PHIL C F.22.50	123	0.60	79	1.10	91	1.90	"
PHIL C F.25	9	0.10	275	0.50	58	1	"
PHIL P F.20	50	0.30	20	0.60	—	—	"
PHIL P F.22.50	90	0.80	33	1.60	23	1.80	"
PHIL P F.25	—	—	35	3.20	—	—	"
RD C F.70	5	10.10	—	—	—	—	F.79.20
RD C F.80	194	2.30	72	4.20	82	5.70	"
RD C F.90	164	0.40	18	1.30	—	—	"
RD P F.80	37	2.50	23	6 B	—	—	"
RD P F.100	8	21	—	—	—	—	"
UNIL C F.150	36	3.50	31	5	—	—	F.148.90
UNIL C F.160	—	—	10	1.20	—	—	"
UNIL P F.140	70	1	4	3.30	—	—	"
UNIL P F.150	7	4	—	—	—	—	"
UNIL P F.160	40	11	—	—	—	—	"
	May		Aug.		Nov.		
SIEM C DM.220	20	3.50	—	—	—	—	DM224.20
SLUM C $50	—	—	5	2½	—	—	$44⅞
VW C DM.150	20	3.50	—	—	—	—	DM.148

TOTAL VOLUME IN CONTRACTS: 3962

A=Asked B=Bid C=Call P=Put

THE TRING HALL USM INDEX

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UK COMPANY NEWS

MINING NEWS

Pancontinental at last gets Jabiluka go-ahead

BY KENNETH MARSTON, MINING EDITOR

AT LONG LAST, Australian Government conditional approval has been given for the mining of the big and rich Jabiluka uranium deposits in the Northern Territory of partners, Australia's Pancontinental Mining (65 per cent) and Getty Oil of the U.S. (35 per cent). The initial discovery was made over 10 years ago.

Mr Doug Anthony, the Australian deputy prime minister and Minister for Trade and Resources, said yesterday: "I have today given conditional approval under the Government's uranium export policy for the development of the Jabiluka uranium deposits in the Northern Territory.

"This means that I will be able to authorise the project partners to enter the market place to commence negotiations for the sale of the product from Jabiluka. In making this decision I have taken account of the views of the Northern Land Council which has indicated its support for market entry."

He adds that approval is conditional upon the project partners reaching agreement with the Northern Land Council Aboriginal authority; such an agreement was recently initialled. It will also be necessary for the Government's requirement of a minimum 75 per cent Australian ownership in the venture to be met by the time commercial production starts.

Jabiluka is estimated to contain over 200,000 tonnes of uranium oxide in rich ore grades approaching 8 lb per tonne. The capital cost of the envisaged underground mine would be over A$600m (£354m) with an annual production of 4,500 tonnes of uranium oxide; this output could be doubled if market conditions permit.

During the long years of procrastination brought about by political and environmental considerations, Jabiluka and other major Australian uranium finds have remained inert as the world uranium market has gone from boom to bust.

During that time spot prices for uranium oxide have gone above $42 per pound and have since fallen to the current level of $25. Despite the current weakness of the market, however, Jabiluka with its high grade ore and indicated low operating costs should still be able to arrange very profitable long-term contracts, probably at prices above the current spot level.

Mine construction work could be started later this year and it would then take about three years to reach the production stage. Whether the uranium market will have picked up by then remains to be seen. It faces major competition from the growing production of coal as an energy source which does not attract the environmental fears attaching to nuclear power.

However, some countries, notably France, are pressing on with nuclear power development and eventually uranium will be needed take its place alongside other energy sources in order to meet the world's demands. And Jabiluka should have a long mining life.

Pancontinental shares rose 10p to 110p in London yesterday. Depending on the company's success in securing uranium supply contracts — it will face competition particularly from the new Canadian uranium development in the Key Lake area—patient holders of the shares may now feel that their rewards are in sight.

Sentrust's rounding-up plan for the 'odd-lots'

FULL DETAILS are announced of the proposal by South Africa's Sentrust to eliminate the holdings of less than 100 shares in this General Mining Union Corporation group's investment company. Such holdings are in the hands of about 40 per cent of the company's shareholders.

They thus constitute a disproportionate cost burden in share registry and the distribution of annual reports and other company documents. It is also thought that this tidying-up operation might pave the way for a merger between Sentrust and the group's other investment company, UC Investments.

"Odd-lot" holders of Sentrust are thus being asked to increase their holdings to 100 shares. This they can do by purchasing the required number of shares from the company at a price of 863 cents per share, or by buying the requisite number of shares on the open market.

Those holders who do not wish to increase their shareholdings will have their shares converted into redeemable preference shares.

UM closing its Thierry mine

THE weakness of copper markets has claimed another mine as a victim. Belgium's Union Minière is reported to have decided to close down its Thierry copper mine at Pickle Lake, Ontario, on April 8.

The mine, which started production in 1976, provides copper concentrates for smelting and employs about 170 workers. In 1980 it turned out 42,463 short tons of copper concentrate containing 10,938 short tons of copper.

Ductile swings back in black

A RETURN to profit, as forecast by the directors in December, is reported by Ductile Steels. The pre-tax figure was £2.06m, against losses of £1.49m, for the 27 weeks to January 2 1982. In the year to June 27, the company incurred losses of £2.17m.

After passing the interim dividend last time, 2.5p is being paid, and this absorbs £325,000.

Group turnover rose from £23.12m to £28m and trading profits were £2.15m, against losses of £1.26m.

Mr R. Sidaway, the chairman, says the results confirm the recovery in trading performance that had become apparent by the end of the last financial year. They show a considerable improvement over those for the comparable period and the company's steel, tube and stockholding divisions were in profit.

In the engineering division, however, he says both demand and margins were disappointing and further rationalisation has been carried out to improve the position.

Trading activity in January and February continued at the levels experienced in the second quarter of the financial year. The group is still operating below capacity, however, and there is considerable scope to benefit from any further upturn in demand.

The pre-tax figure was struck after interest charges of £86,000 (£229,000). There was a tax charge of £763,000 (£1.38m credit), leaving attributable profits of £1.3m (£102,000 loss).

Stated earnings per 25p share were 9.97p (0.8p losses).

● **comment**

Although these results are no surprise, the market put 4p on Ductile Steels' shares yesterday. At 123p they are now nearly 40 per cent higher than their year-end level. The hot breath from Caparo Industries has apparently cooled as Ductile continues to mend and the shares progressively strengthen. The group's steel re-rolling and stockholding division has spearheaded the recovery; from a £2.4m loss last year the group is now on target to make a trading profit of about £2.5m this year. This achievement is based on a useful increase in orders, cost-cutting, and the closure of the Planetary mill which eliminated a loss of about £1m. Stripping out the closed mill's sales in the comparable period, turnover in the six months in the remaining businesses advanced by some 40 per cent. Ductile says nearly all of this is due to volume increases, as the October and January steel price rise will not come through until the second half. The group should reach £4m in the full year, which gives the shares a fully taxed p/e of 8. The final looks safe and the prospective yield is 8.9 per cent. Caparo still holds 20 per cent of the equity.

Mr Glasgow quits and decides to fight rights

MR JAMES GLASGOW has resigned from the board of Glasgow Pavilion and now says he will fight the group's planned £240,000 rights issue.

Mr Glasgow's initial opposition led to an adjournment of the extraordinary general meeting in January to approve the issue. Subsequently, he agreed not to use his voting rights to oppose the issue and to accept an appointment to the board.

He became a director late last month, but two weeks later decided to design. He said he did not feel able to sign the draft rights issue document because the group's profits for the full year to October 31, 1981 had not been included.

He also feared that the combination of second-half losses and the rising costs of the rights issue would mean that the net proceeds would be insufficient to eliminate the group's indebtedness.

Mr John Woolgar, a director of Hill Woolgar, which is underwriting the issue, said the group is proceeding with the rights issue document. He said that the group has traditionally published its full year figures in May and added that the proceeds would more than cover the company's indebtedness.

52 companies wound up

Compulsory winding-up orders against 52 companies have been made by Mr Justice Nourse in the High Court. They were:

Formar Shipping International, Mainman, Advanced Video Services, H.R. McDermid (Guiseley), Batzone, Appenworth, Chelmer Freezer Foods (Braintree), Marryat Handling.

Asways Enterprises, Blecville, Glee Holdings, Mountbourne, Valentine Clarke, Wolfe and Elliott (Transport and Warehousing), Chisholm Investments, Mullintire, Milford Refineries Suppliers.

Mote Coaches, Thames-Northern Express (Parcels), Richard Westwood, K.M.S. Builders, A & M Collections, Essex Commuter Club, Billron Holdings, Chilkool, Crystal Cars (Streatham).

Shaw Nichols Associates, Fascoworth, ECS (Oldham), John E. Le Fevre and Co., S.A.M. Properties, R. Caplan, Bell and Lunn, Red Hen Eggs.

Goldsmith-Brownhut Combine (Entertainments & Promotions), K.E.M. Fibreglass (Wales), Silconstar, E. Stanley Engineering (Tyne & Wear); Norgull, Acle Motors, Superwhite (London).

Northumbria Print, Connault Builders, Pilglen, Rarmerglow (London & Bristol), Shafstone, S. Jaffry and Co., Whiteheads (Dyers), Hunter and Parr, Vincent Lloyd (Partitions), Cygnet Electrical Company, Debrem Wholesale.

A compulsory winding-up order made on March 8 against Sheerwater Construction was rescinded and the petition dismissed by consent.

RESULTS AND ACCOUNTS IN BRIEF

PROVIDENT FINANCIAL GROUP—Results for 1981, reported March 3. Group net current assets £82.2m (£72.29m)—receivable from customers £260.56m (£230.83m) and bank advances £123.72m (£11.058m). Meeting, Bradford, April 7, at noon.

BROADSTONE INVESTMENT TRUST—Results for 1981 reported February 10. Listed investments £36.37m (£35.24m); unlisted £4.53m (£3.1m); unrealised appreciation £16.9m (£16.9m). Net current liabilities £56,119 (£9,120); shareholders' funds £28.74m (£36.24m). Meeting, 120 Cheapside EC, April 5, 2.30 pm.

MUNICIPAL PROPERTIES—Dividend 8.25p (7.5p) for 1981. Turnover £327,620 (£288,742). Net profit £130,635 (£141,000), after tax of £138,224 (£163,802). Earnings per 50p share 28.99p (29.14p). A surplus of £62,574 (£56,574) before tax on property sales by the dealing subsidiary, included in profit. In addition, a surplus on property sales by the holding company of £247,075 (£209,273) net has been credited to reserves as in previous years. Current valuation of properties held £5,843,693 (£5,278,055).

COMPCO HOLDINGS (property investment and development)—Pre-tax profit, half year to September 25, 1981, £168,698 (£161,611). Tax £89,811 (£87,894). Earnings per 20p share 3.85p (3.60p). Group profits for second half year expected to reflect more fully the increase in rentals achieved during year.

GEORGE INGHAM—Dividend 0.25p (nil) for 1981. Turnover £2.56m (£2.68m). Pre-tax profit £25,000 (loss £72,000). Tax £2,000 (nil). Earnings per share 1.2p. CCA pre-tax loss £48,000 (£124,000).

● NEWS ANALYSIS—BATS' U.S. RETAIL EXPANSION

Breaking tobacco habit by broadening base

BY DAVID CHURCHILL AND DAVID LASCELLES

BAT Industries' latest attempt to break away from the stranglehold of its tobacco empire—it is the largest cigarette producer in the Western world—is along the well-trodden path into retailing.

Having decided that it had to broaden its activities away from tobacco, BAT has resolutely bought its way into the retail world with varying degrees of success. Its latest acquisition, the 77 department stores operated by Marshall Field in the U.S., may not be the most sparkling jewel in U.S. retailing at present, but BAT has repeatedly shown its willingness to take a long-term view about its acquisitions.

The further move into U.S. retailing, which BAT has now got under control after a shaky start, was signalled last summer. The company has made it clear that having chosen its areas for diversification, it intended to stick with them—and that, in the U.S. has meant further acquisitions.

BAT has been in the diversification game, along with the other tobacco multinationals, since the early 1960s, when it became clear that it was becoming too dependent on tobacco earnings.

In the late 1960s it moved into the cosmetics and paper industries, notably through the purchase of Wiggins Teape. Then, in the early 1970s, it decided to enter the potentially massive and lucrative retailing industries in both Europe and the U.S.

Unfortunately, for BAT the strategy has become harder to implement than it surely must have believed. Moreover, it is still earning some 71 per cent of its profits from the tobacco side, even though its diversification policy means that tobacco turnover only accounts for some 56 per cent of the total.

Retailing, on the other hand, produces some 28 per cent of the turnover but, according to the last published accounts for 1980, it only provided some 9 per cent of profits.

In the UK, the company's retail acquisitions started in 1972 when the International Stores chain was bought for some £68m. In the same year, the Kohl's supermarket and stores chain in the U.S. was acquired for £30m.

This was followed in 1973 by the £83m acquisition in the U.S. of the Gimbel Brothers department stores and the Saks, Fifth Avenue high fashion chain.

In the UK, BAT bought the Pricerite supermarket chain in the same year for £12m and merged this with International. The Argos stores group was the most recent major retail acquisition in 1979 at a price of some £30m.

Although Argos has proved profitable, International Stores has not moved into profits during BAT's ownership and there are few in the retail world who would give it much of a long-term future.

Marshall Field will add another division to BATs' already considerable U.S. retailing empire, though whether it will bring problems or profits is a matter for some conjecture.

The company has a decidedly mixed reputation in the hard-driving world of U.S. retailing. In the first nine months of last year, profits were $7.1m, which suggests they could be below the full year earnings of $20.7m in 1980, and still well below the record year of $22m in 1972. Sales were $822.5m compared to $1,012.5m in the whole of 1980.

Marshall Field is a grand old name in Chicago, a sort of Harrods of America's second city, with a large downtown emporium and more than a dozen outlets in the suburbs. But like a lot of established names, it has been losing market share to more aggressive, better organised newcomers, and it is currently fighting a defensive battle on its home turf.

It also runs a far-flung and somewhat bitty empire of department stores, furniture shops and specialty outlets on the West Coast, in Texas and the South East. This loosely strung, thinly spread structure was created deliberately by management to fend off takeover approaches after Hawley Hale, another large chain, made an unwelcome bid in 1977, offering U.S.$42 a share, nearly twice what BATs is offering today.

This is why Bats could have its work cut out if the deal goes through.

"BATs must realise that it is taking on a challenge," said Mr Stuart Robbins, a retail industry analyst with the Wall Street research firm of Paine Webber Mitchell Hutchins. "It will have to re-evaluate all the divisions and decide which it is going to go with. But I have a high regard for BATs as a merchandiser and I think it can help."

Against the obvious risks in the bid, however, BATs appears to be taking few chances financially because the price is well below what others have offered. Marshall Field also has plenty of saleable assets, mostly property, to yield cash if needed. The quality of management under Mr Angelo Arena, who joined as chairman in the late 1970s, is also rated quite highly. Although he has not brought Marshall Field bounding back, he has made some well-judged disposals and doubled revenues.

One of BATs' immediate tasks is to square up Mr Carl Icahn, the New York corporate raider who has acquired 30 per cent of Marshall Field, provoking an acrimonious set-to with the company and prompting it to go out and look for a rescuer.

Mr Icahn said yesterday that he will contest the bid by all available means, but some Wall Street sources believed he might be persuaded to settle for a slightly improved offer. Mr Icahn was recently thwarted by another British company, NCC Energy, in his efforts to take over Simplicity Pattern, a cash-rich New York company that makes dress patterns.

There may be scope for rationalisation of BATs' existing U.S. retailing business and Marshall Field. Saks, the Harrods of New York, is in a similar upmarket niche, and is doing well. Gimbels, a more popular store, is in better shape than it was but still in need of a boost. BATs claims that its other retailing interests are performing satisfactorily.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar improves

The dollar continued to improve in currency markets yesterday with trading once again dominated by interest rate movements. U.S. Federal funds rates remained firm while Euro-dollar rates were over a quarter of a point up from Monday.

Sterling followed in the wake of the dollar helped by some switching out of some of the more vulnerable European currencies as well as the attraction of relatively high UK interest rates.

The French franc continued to lose ground within the European Monetary System yesterday, attracting support from the Bank of France by direct intervention in the foreign exchange market and higher domestic and Euro-franc interest rates. It remained well within its divergence limit however. Other currencies showed little overall change apart from the Belgian franc which was also weaker.

DOLLAR — Trade weighted index (Bank of England) 114.0 against 113.6 on Monday and 108.4 six months ago. Three-month Treasury bills 12.74 per cent (14.26 per cent six months ago). Annual inflation rate 8.4 per cent (8.9 per cent previous month)—The dollar rose to DM 2.3775 from DM 2.3735 against the D-mark and SwFr 1.88 from SwFr 1.8770 in terms of the Swiss franc. It was also firmer against the Japanese yen, rising to its best level since early August last year at Y241.40 compared with Y240.35 on Monday.

STERLING—Trade weighted index 90.6 compared with 90.7 at noon and the opening and 90.3 on Monday (88.6 six months ago). Three-month interbank 13½ per cent (14⅞ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month) — Sterling opened at $1.8100 against the dollar and had eased by noon to $1.8060. It touched a low of $1.8035 during the afternoon and closed at $1.8050-1.8060, a rise of just 5 points from Monday's close in London. Against the D-mark it rose to DM 4.2950 from DM 4.2850 and SwFr 3.3975 from SwFr 3.3900. It was also firmer against the weak French franc, closing at FFr 11.05 compared with FFr 10.9950 previously.

D-MARK—EMS member (central position). Trade weighted index 123.6 against 123.5 on Monday and 119.6 six months ago. Three-month interbank 9.875 per cent (12.435 per cent six months ago). Annual inflation 5.8 per cent (6.3 per cent previous month)—The D-mark was slightly firmer overall at yesterday's fixing in Frankfurt. The Swiss franc fell to DM 1.2647 from DM 1.2666 and the French franc to DM 38.8300 per FFr 100 from DM 38.9500. The dollar was firmer, however, as Euro-dollar rates rose and was fixed at DM 2.3790 against DM 2.3675. Sterling was also firmer at DM 4.2950 from DM 4.2790.

FRENCH FRANC—EMS member (weakest). Trade weighted index 79.4 against 79.6 on Monday and 84.8 six months ago. Three-month interbank 14⅞ per cent (17⅛ per cent six months ago). Annual inflation 13.9 per cent (14 per cent previous month)—The French franc continued to weaken in Paris yesterday. There may have been some reaction to recent local elections which showed a shift away from the governing Socialist party and also speculation over an EMS realignment. However, evidence to support the latter remained scant for although the French franc is the weakest currency in the EMS it is currently well within its divergence limit, in fact it is almost half way between the upper and lower limits, and against its major trading partner West Germany it was fixed at DM 38.8500 down from DM 38.9484 on Monday but still above the floor level of DM 38.1600. The dollar rose to FFr 6.1230 from FFr 6.0830 and sterling to FFr 11.0655 from FFr 10.9840.

THE POUND SPOT AND FORWARD

March 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8035-1.8140	1.8050-1.8060	0.22-0.32c dis	-1.78	0.77-0.87dis	-1.82
Canada	2.1940-2.2030	2.1955-2.1965	0.35-0.45c dis	-2.18	1.26-1.36dis	-2.37
Nethlnd.	4.69¼-4.72¼	4.70-4.71	2¼-1¼c pm	4.78	5¼-4¼ pm	4.04
Belgium	79.60-79.90	79.70-79.80	7-17c dis	-1.80	35-45 dis	-2.01
Denmark	14.30-14.48	14.40-14.41	1½-3ore dis	-1.87	5¼-7½ dis	-1.84
Ireland	1.2160-1.2225	1.2170-1.2185	0.41-0.72p dis	-5.58	1.75-1.95dis	-6.08
W. Ger.	4.28-4.31	4.29-4.30	1¼-1½pf pm	3.96	4½-4¼ pm	3.96
Portugal	126.50-127.50	126.00-126.50	70-190c dis	-10.41	230-560 dis	-9.68
Spain	183.20-189.00	183.25-183.45	20-45c dis	-2.07	110-150 dis	-2.74
Italy	2322-2329	2322-2324	16-21lire dis	-9.56	54-58 dis	-9.64
Norway	10.83-10.90	10.86-10.87	1¼-1¼ore dis	-1.80	4½-5¼ dis	-1.86
France	11.04-11.08	11.05-11.05½	6-8c dis	-7.60	16-18 dis	-6.15
Sweden	10.51-10.55	10.52-10.53	1¼-1¼ore pm	1.42	3-4½ pm	1.00
Japan	434-441	435-436	2.75-2.45y pm	7.16	7.45-7.15 pm	6.69
Austria	30.12-30.27	30.15-30.20	16-12gro pm	5.57	36-27 pm	4.24
Switz.	3.38½-3.41½	3.39½-3.40½	2½-2c pm	7.95	6½-5½ pm	7.06

Belgian rate is for convertible francs. Financial franc 80.70-80.80. Six-month forward dollar 1.07-1.17c dis 12-month 2.80-2.95c dis.

THE DOLLAR SPOT AND FORWARD

March 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8035-1.8140	1.8050-1.8060	0.22-0.32c dis	-1.79	0.77-0.87dis	-1.82
Ireland†	1.4785-1.4865	1.4825-1.4840	0.85-0.55c pm	4.88	1.85-1.50 pm	4.25
Canada	1.2155-1.2180	1.2165-1.2170	0.08-0.05c dis	-0.74	0.22-0.25dis	-0.79
Nethlnd.	2.6020-2.6100	2.6055-2.6065	1.43-1.33c pm	6.35	4.63-4.53 pm	7.03
Belgium	43.95-44.61	44.59-44.61	1c pm-3 dis	-0.27	1 pm-3 dis	-0.09
Denmark	7.9770-8.0025	7.9850-7.9950	par-0.15ore dis	-0.11	pm-0.50 dis	-0.12
W. Ger.	2.3725-2.3825	2.3770-2.3780	1.25-1.20pf pm	6.18	3.90-3.85 pm	6.52
Portugal	70.00-70.55	70.15-70.40	30-35c dis	-10.65	85-220 dis	-8.68
Spain	104.10-104.40	104.30-104.35	par-70c dis	-4.03	par-70 dis	-1.35
Italy	1284½-1287½	1286-1287½	9¼-10lire dis	-8.97	24½-25¼dis	-7.84
Norway	6.0000-6.0200	6.0100-6.0200	0.60-0.40ore pm	0.99	0.30 pm-par	0.10
France	6.1000-6.1325	6.1175-6.1225	2.75-3.25c dis	-5.88	6.60-7.25dis	-4.52
Sweden	5.8120-5.8360	5.8200-5.8300	1.60-1.45ore pm	3.14	4.35-4.20 pm	2.93
Japan	241.25-242.50	241.35-241.45	1.85-1.70y pm	8.82	5.05-4.90 pm	8.24
Austria	16.68-16.73½	16.71½-16.72½	14-10gro pm	7.42	36-25 pm	5.84
Switz.	1.8725-1.8870	1.8795-1.8805	1.59-1.50c pm	9.83	4.15-4.07 pm	8.74

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.6	-33.0
U.S. dollar	114.0	+6.4
Canadian dollar	88.5	-17.6
Austrian schilling	116.4	+24.7
Belgian franc	98.0	-0.9
Danish kroner	84.1	-13.9
Deutsche mark	122.6	+48.2
Swiss franc	154.9	+108
Guilder	115.1	+22.0
French franc	79.4	-14.8
Lira	54.9	-57.8
Yen	135.7	+30.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.623486	0.564287
U.S. $	12	1.12554	1.01861
Canadian $	15.06	1.37235	1.24095
Austria Sch.	6¾	18.7246	16.9569
Belgian F	14	49.4060	44.6857
Danish Kr.	11	9.05790	8.10940
D mark	7½	2.66735	2.41346
Guilder	8	2.93830	2.64528
French Fr.	9½	6.85335	6.19781
Lira	19	1442.10	1306.11
Yen	5½	269.492	243.996
Norwgn. Kr.	9	6.75708	6.10799
Spanish Pta.	8	117.568	106.338
Swedish Kr.	10	6.53753	5.91840
Swiss Fr.	6	2.10659	1.90598
Greek Dr'ch.	20½	—	63.8280

OTHER CURRENCIES

Mar. 16	£	$		Note Rates
Argentina Peso	22,958-22,976†	12,700-12,750†	Austria	30.00-30.80
Australia Dollar	1.7030-1.7050	0.9425-0.9440	Belgium	89-89
Brazil Cruzeiro	262.24-263.24	145.28-145.61	Denmark	14.41-14.55
Finland Markka	8.308-8.327	4.5590-4.5610	France	11.00-11.10
Greek Drachma	109.820-112.151	61.40-61.60	Germany	4.28-4.32
Hong Kong Dollar	10.491-10.507	5.8110-5.8160	Italy	2300-2345
Iran Rial	147.40*	81.70*	Japan	438-443
Kuwait Dinar(KD)	0.512-0.518	0.2845-0.2847	Netherlands	4.68¼-4.72¼
Luxembourg Fr.	79.70-79.80	44.59-44.61	Norway	10.84-10.94
Malaysia Dollar	4.1975-4.2040	2.3250-2.3270	Portugal	125-129
New Zealand Dlr.	2.3225-2.3265	1.2860-1.2880	Spain	183¼-185½
Saudi Arab. Riyal	6.16-6.22	3.4190-3.4210	Sweden	10.48-10.58
Singapore Dollar	3.8330-3.8390	2.1230-2.1250	Switzerland	3.37¼-3.41¼
Sth. African Rand	1.8660-1.8680	1.0335-1.0345	United States	1.80-1.82
U.A.E. Dirham	6.62-6.68	3.6715-3.6735	Yugoslavia	93-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.7752	+0.18	+0.18	±1.5440
Danish Krone	8.18382	8.11071	−0.89	−0.89	±1.6428
German D-Mark	2.41815	2.41316	−0.21	−0.21	±1.1097
French Franc	6.19564	6.21237	+0.27	+0.27	±1.3743
Dutch Guilder	2.67296	2.64559	−1.02	−1.02	±1.5069
Irish Punt	0.686799	0.685172	−0.24	−0.24	±1.6639
Italian Lira	1305.13	1305.84	+0.05	+0.05	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for March 16 ..... 0.561940

EXCHANGE CROSS RATES

Mar. 16	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.806	4.295	436.0	11.05	3.398	4.705	2323.	2.196	79.75
U.S. Dollar	0.554	1.	2.379	241.5	6.120	1.882	2.606	1287.	1.216	44.17
Deutschemark	0.233	0.420	1.	101.5	2.573	0.791	1.095	540.9	0.511	18.57
Japanese Yen 1,000	2.294	4.141	9.851	1000.	25.34	7.792	10.79	5328.	5.037	182.9
French Franc 10	0.905	1.634	3.887	394.6	10.	3.075	4.258	2102.	1.987	72.17
Swiss Franc	0.294	0.531	1.264	128.3	3.252	1.	1.385	683.7	0.646	23.47
Dutch Guilder	0.213	0.384	0.915	92.67	2.349	0.722	1.	493.7	0.467	16.95
Italian Lira 1,000	0.430	0.777	1.849	187.7	4.757	1.463	2.025	1000.	0.946	34.33
Canadian Dollar	0.456	0.822	1.956	198.5	5.032	1.547	2.143	1058.	1.	36.32
Belgian Franc 100	1.254	2.264	5.386	546.3	13.86	4.260	5.900	2913.	2.754	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 5/16	offer 15 7/16	bid 15 5/16	offer 15 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13⅞-14⅛	15⅜-15⅝	16-17	9⁷⁄₁₆-9¹¹⁄₁₆	2½-3	9¼-9⅜	20-30	21-24	12-13	6⅜-7
7 days' notice	13⅞-14⅛	15⅜-15⅝	16-17	9⁷⁄₁₆-9¹¹⁄₁₆	3-3½	9⅜-9½	20-30	24-26	14½-16½	6⅞-7⅛
Month	13⅝-13⅞	15¼-15½	15¾-16⅛	9¼-9⅜	5⅞-6⅛	9½-9⅝	20-22	23¼-24⅛	15½-16¼	6⅞-7
Three months	13⅝-13¾	15¼-15½	15¾-16⅛	9⅞-9⅞	6⅜-6⅝	9⅜-9½	19½-21	22⅞-23½	15-16	6⅞-6⅞
Six months	13½-13⅝	15¼-15½	15¾-16⅛	9⅝-9⅞	6⅞-7⅛	9⅜-9½	19-20	22⅜-23	15-16	6¾-6⅞
One Year	13½-13⅝	15⅛-15⅜	16-16⅜	9¼-9½	7⅛-7⅜	9⅞-9⅞	18½-19½	22¾-23⅝	15-16	6⅞-6⅞

BFr (financial): short-term 12-13 per cent; seven days' notice 13¼-13½ per cent; one month 13⅝-13⅞ per cent; three months 14⅛-14⅜ per cent; six months 14⅛-14⅜ per cent; one year 14⅛-14⅜.

SDR linked deposits: one month 13⅜-13⅝ per cent; three months 13⅜-13⅝ per cent; six months 13⅜-12⅝ per cent; one year 13⅜-13½ per cent.

ECU linked deposits: one month 13⅜-13⅝ per cent; three months 13⁹⁄₁₆-13¹¹⁄₁₆ per cent; six months 13⁹⁄₁₆-13¹¹⁄₁₆ per cent; one year 13⁹⁄₁₆-13¹¹⁄₁₆ per cent.

Asian $ (closing rates in Singapore): one month 15⅜-15⅝ per cent; three months 15⅝-15¾ per cent; six months 15⅝-15⅞ per cent; one year 15⅝-15⅞ per cent. Long-term Eurodollar two years 15⅞-15⅞ per cent; three years 15⅞-15⅞ per cent; four years 15½-15¾ per cent; five years 15⅝-15⅞ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.90-15.00 per cent; three months 14.90-15.60 per cent; six months 14.95-15.05 per cent; one year 14.90-15.10 per cent.

MONEY MARKETS

UK rates higher

London clearing bank base lending rate 13 per cent (since March 12)

Interest rates continued to rise in London yesterday, reflecting a further rise in U.S. rates. Three-month sterling CDs were quoted at 13¼ per cent up from 13⅛ per cent and discount houses buying rates on three-month Treasury bills were higher at 12⅞ per cent against 12¾ per cent. Three-month interbank money rose to 13½ per cent from 13⅜ per cent. Short term rates were virtually unchanged from Monday however, after the Bank of England more than compensated for the day's shortage of funds. Overnight money touched a high of 14½ per cent during the day but finished at 2 per cent.

An initial forecast by the Bank put the day's shortage of day to day money at around £500m, with bills maturing in official hands and a net take up of Treasury bills accounting for £459m and Exchequer transactions a further £70m. On the other hand a fall in the note circulation added £80m to the system. The forecast was later revised to £550m and the Bank gave assistance in the morning of £198m. This comprised purchases of £1m of eligible bank bills in band 1 (up to 14 days) at 13⅛ per cent and in band 2 (15-33 days) £7m of local authority bills and £65m of eligible bank bills all at 13 per cent. In band 3 (34-63 days) it bought £39m of eligible bank bills at 12⅞ per cent and in band 4 (64-91 days) £15m of Treasury bills, £3m of local authority bills and £37m of eligible bank bills all at 12⅞ per cent.

The forecast was amended at 2 pm to a shortage of £600m without taking into account the Bank's operations in the morning. Further help was given in the afternoon of £556m, making a grand total of £754m. The Bank bought £5m of eligible bank bills in band 1 at 13⅛ per cent, £16m in band 2 at 13 per cent and £9m in band 3 at 12⅞ per cent and £20m of Treasury bills in band 4 at 12⅞ per cent.

In Frankfurt the Bundesbank announced its intention not to hold a press conference after tomorrow's meeting of the central council. This is normally taken by the market as an indication that key lending rates will be unchanged.

In Paris call money was increased to 14⅛ per cent from 14¼ per cent and longer term rates were firmer too in response to recent pressure on the French franc.

MONEY RATES

NEW YORK	
Prime rate	16½
Fed. funds (lunch-time)	15¼-15¾
Treasury bills (13-week)	12.74
Treasury bills (26-week)	12.84
GERMANY	
Special Lombard	10.00
Overnight rate	9.95
One month	10.00
Three months	9.875
Six months	9.675
FRANCE	
Intervention rate	14.00
Overnight rate	14.50
One month	14.8125
Three months	14.9375
Six months	14.9375
JAPAN	
Discount rate	5.50
Call (unconditional)	6.53125
Bill discount (three-month)	6.53125

GOLD

Firmer trend

GOLD ROSE $9½ an ounce from Monday's close to finish at $322½-323½ in the London bullion market yesterday. The firmer trend was sparked off primarily by short covering and the metal touched a best level of $325-$326. However it eased later.

In Paris the 12½ kilo bar was fixed at FFr 63,800 per kilo ($324.08 per ounce) in the afternoon compared with FFr 63,000 ($320.50) in the morning and FFr 62,000 ($317.01) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 24,750 per kilo ($324.00 per ounce) against DM 24,050 ($315.02) previously and closed at $324-325 from $312-$313.

	Mar. 16		Mar. 15	
Gold Bullion (fine ounce)				
Close	$322½-323½	(£178½-179¼)	$313-314	(£173¾-174¼)
Opening	$320¾-321¾	(£177¾-178¼)	$311¾-312½	(£172¾-173¼)
Morning fixing	$321	(£177.250)	$314.25	(£173.763)
Afternoon fixing	$324.50	(£179.579)	$313	(£173.884)
Gold Coins				
Krugerrand	$333-334	(£184½-185)	$322½-323	(£179-179½)
½ Krugerrand	$171½-172½	(£95-95½)	$165¾-166¾	(£92-92½)
¼ Krugerrand	$87¼-88¼	(£48¼-48¾)	$84½-85½	(£46¾-47¼)
1/10 Krugerrand	$36¾-37¾	(£20¼-21)	$34½-35½	(£19-19½)
Mapleleaf	$334-335	(£185-185½)	$323½-324½	(£179¼-179¾)
New Sovereigns	$79-79½	(£43¾-44)	$76½-77	(£42½-42¾)
King Sovereigns	$94-95	(£52-52½)	$92-93	(£51-51½)
Victoria Sovs.	$94-95	(£52-52½)	$92-93	(£51-51½)
French 20s	$78-88	(£43¼-48¾)	$76-86	(£42-47½)
50 pesos Mexico	$397-400	(£219¾-221½)	$384½-387½	(£213¼-214¾)
100 Cor. Austria	$312½-315	(£173-174½)	$303-306	(£168-169½)
$20 Eagles	$460-465	(£254¾-257½)	$455-461	(£252¾-255½)

LONDON MONEY RATES

Mar. 16 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	2-14½	13⅞-14⅛	—	—	10-13½	7-13	—	—	—
2 days notice	—	—	14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅜	14	—	—	14⅛	13	—	—	—
One month	13⅛-13⅛	13⅞-14	13⅞	14⅜-14	13⅞	14⅜	13	—	—	—
Two months	13¾-13⅝	13⅞-13⅞	—	14¼-13⅞	13¾	14¼	12¾	13⅛-13⅛	13⅛	13⅞
Three months	13⅛-13⅛	13⅛-13¾	13¾	14⅛-13¾	13⅞	14⅛	12⅜-12½	12⅞-12⅞	12⅞-12⅞	13⅞
Six months	13½-13⅛	13⅞-13⅞	13⅝	13⅜-13	13⅞	—	—	12¼-12⅝	12⅞-12⅞	13⅜
Nine months	13½-13⅛	13⅞-13⅞	—	13¾-13⅜	13⅞	—	—	—	12⅞-12⅞	13⅞
One year	13½-13⅛	13⅞-13⅞	13½	13⅝-13¼	13⅞	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 13⅞ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¹³⁄₁₆-12⅞ per cent; four months trade bills 13½ per cent.

Approximate selling rates for one month Treasury bills 12¹⁵⁄₁₆-13 per cent; two months 12¹³⁄₁₆-12⅞ per cent; three months 12¹¹⁄₃₂-12½ per cent. Approximate selling rate for one month bank bills 13-13¹⁄₁₆ per cent; two months 12⅞ per cent and three months 12½-12¹⁵⁄₃₂ per cent; one month trade bills 13⅜ per cent; two months 13⁵⁄₁₆ per cent; three months 13⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10⅛ per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 12.4660 per cent.

Certificates of Tax Deposits (Series 5) 13¼ per cent from March 8. Deposits withdrawn for cash 11 per cent.

Greece decides on terms for $400m Eurocredit

BY DAVID TONGE AND PETER MONTAGNON

GREECE has opted for caution in choosing a margin of ½ per cent throughout the life of its forthcoming $400m medium term Eurocredit.

The decision follows several weeks of deliberation on the loan project during which the country's central bank is understood to have received a number of offers from individual banks prepared to lead the credit on the basis of a split ⅝-½ per cent margin.

Now that it has decided to reject these terms, about 10 banks have been invited to Athens this Friday for the award of a formal mandate.

The decision to go for a ½ per cent margin throughout the life of the loan was generally welcomed by international bankers yesterday. "I think Greece has chosen the right way," said one. "The market is very tricky."

At the heart of banking worries about the deal was the fact that medium-term loans for south European borrowers with margins including an element of ⅜ have become very hard to sell to smaller participants despite competition to arrange such deals at lead manager level.

Greece is understood to feel that it was worth sacrificing the very low margin to ensure success for the transaction. It may also now aim for a longer maturity—of 10 rather than eight years—and a higher amount than originally planned.

But its example will be carefully scrutinised by Spain and Portugal, both of which are planning large credits shortly and both of which have been hoping to retain the prestige of a transaction embodying a ⅜ per cent margin regardless of its impact in the marketplace.

Greece last year raised a $400m, 10-year credit on a split ⅝-½ per cent margin over London interbank offered rate (Libor). The increase in the margin since then is attributed to the general hardening of market conditions as well as some uncertainty about the precise policies of the new socialist government.

Swiss issue by American Air

BY ALAN FRIEDMAN

AMERICAN AIRLINES is raising at least SwFr 85m through an unusual eight-year bond issue in the Swiss market, backed by a letter of credit from Chase Manhattan.

Led by Soditic, the issue is similar to a placement by Transamerica Financial Corporation last year in that it offers local investors a potential foreign exchange gain as well as interest payments in Swiss francs.

This will be achieved through the repayment of principal in U.S. dollars. The proceeds will be converted into dollars immediately and investors will receive this amount of U.S. currency back when the bond expires, plus a bonus to take account of the current interest rate differential between dollars and Swiss francs.

For this issue an annual differential of 7⅜ per cent has been calculated into the repayment schedule. Investors stand to make an exchange profit if the appreciation of the Swiss franc against the dollar during the life of the bond is less than 7⅜ per cent per annum.

Under the placing plan a minimum of SwFr 85m (around $46m) an da maximum of SwFr 120m ($65m) may be raised.

The first dollar repayment will begin in the fifth year, when 20 per cent of the bond's value is to be repaid; a further 20 per cent will be repaid in years six and seven. The remaining 40 per cent is to be paid at the end of the eighth year.

The coupon is rather high for the current Swiss franc bond market and the backing of Chase Manhattan is also unusual. Both features are related to the uncertain state of the world airline industry.

In the secondary market, prices of fixed-interest Swiss franc foreign bonds increased by ½ point in active trading yesterday. A SwFr 30m convertible bond for Daicel Chemical was psotponed by UBS last postponed because of a sharp fall in the company's Tokyo share price.

In the Eurodollar bond market prices were unchanged in light trading. This sector appears to be reappraising its direction and has so far this week done little more than to mark time.

The Euro D-mark sector was more active yesterday and prices of seasoned and newer bonds rose by ½ point.

In the Dutch guilder bond market a Fl 50m seven-year issue is being offered for Eurofima. Amrobank is lead-manager and the coupon is 10½ per cent at par. Amro also says it has cut the coupon on its Fl 100m paper for the Mortgage Bank of Denmark. Priced at 100½, the paper bears a coupon of 11½ per cent rather than 11¾ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 23.

Closing prices on March 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103¼	104	+0¼	−0⅛	15.49
APS Fin. Co. 17¼ 86 ...	60	105¾	105¾	−0⅛	−0½	15.39
APS Fin. Co. 16⅜ 89 ...	75	103¾	104¼	0	0	15.27
Armco O/S Fin. 15⅜ 88	50	99	99½	−0⅛	−0½	15.54
Australian Ind. 15½ 87	25	†98¾	98¾	+0⅛	+0⅛	15.95
Baker Int. Fin. 0.0 92	225	24	24½	0	−0⅛	14.58
Bank Montreal 16⅛ 91	150	103½	103⅞	−0⅛	−0½	15.51
Br. Colum Hyd. 16⅛ 88	100	103¼	103¾	+0⅛	−0½	15.30
Br. Colum. Mfa. 17 97	54	103¼	103⅜	−0⅛	−0⅛	16.32
Burroughs Int. 15⅜ 88...	50	101	101½	0	0	15.42
Canadair 15½ 87	150	100	100½	0	0	15.42
Can. Nat. Rail 14⅞ 91	100	97	97½	+0⅛	−0⅛	15.14
Carolina Power 16⅝ 89	60	101⅞	102⅜	+0⅛	−0⅛	15.95
Caterpillar Fin. 16½ 86	100	103¾	103⅞	0	−0⅛	15.30
CFMP 16⅝ 96	100	101¾	102¼	+0⅛	−0⅛	16.36
CIBC 16⅝ 91	100	104⅜	105⅛	+0⅛	−0⅛	15.67
CIBC 16 87	100	101⅝	102⅛	0	0	15.43
Citicorp O/S 16⅜ 86...	150	103½	104	+0⅛	−0⅛	15.45
Cons.-Bathurst 17⅛ 88	60	102⅜	102⅞	+0⅛	−0⅛	16.74
Con. Illinois 15⅜ 89....	100	102⅛	102⅝	0	0	15.16
Dupont O/S 14½ 88 ...	400	99	99½	+0⅛	−0½	14.63
Dupont O/S Cap. 0.0 90	300	34⅝	35⅛	+0⅛	−0⅛	14.25
EIB 16⅝ 91	100	104½	105	+0⅛	−0⅛	15.70
Gen. Elec. Credit 0.0 92	400	27⅛	27⅝	0	−1	13.63
Gen. Elec. Credit 0.0 93	400	23¾	24¼	+0¼	−1½	13.13
GMAC O/S Fin. 16½ 84	300	101½	102	0	−0⅛	15.50
GMAC O/S Fin. 16 88	150	100¼	100¾	0	+0⅛	15.87
Gulf Oil Fin. 0.0 92 ...	300	25	25½	−0⅛	−1⅛	14.29
Gulf States O/S 17½ 88	60	103⅞	104⅜	+0⅛	−0⅛	16.34
Japan Airlines 15⅞ 88	50	100⅜	100⅞	0	−0⅛	15.04
Japan Dev. Bk. 16½ 87	50	101	101½	+0¼	−0⅛	15.10
Nat. Bk. Canada 16½ 88	40	100½	101⅛	−0⅛	0	16.91
Nat. West 14⅛ 91	100	98¾	99¼	0	−0⅛	14.91
New Brunswick 17 88	80	106¾	107¼	+0⅛	−0⅛	15.16
New Brunswick 16⅛ 89	75	102⅜	102⅞	+0⅛	−0⅛	15.59
New & Lab. Hy. 17⅜ 89	75	103⅝	104⅛	+0⅛	−0⅛	15.26
Ohio Edison Fin. 17½ 88	75	105⅜	105⅞	0	−0¼	15.98
OKG 15¾ 97	50	98¼	98¾	+0⅛	0	15.97
Ontario Hyd. 16 91 (N)	200	103⅝	104⅛	+0⅛	−0⅛	15.14
Pac. Gas & El. 15⅜ 89	80	103⅛	103⅝	−0⅛	−0⅛	14.89
J. C. Penney Gl. 0.0 94	350	19¾	20¼	0	−0⅞	10.99
Quebec Hydro 17¼ 91	150	107½	108	0	−0½	15.58
Quebec Prov. 15⅜ 89...	150	98⅜	98⅞	+0⅛	0	15.52
R.J. Rynlds. O/S 0.0 92	400	26¼	26¾	+0¼	0	13.97
Saskatchewan 16⅝ 88...	100	102⅝	103⅛	+0⅛	−0⅛	15.43
Saskatchewan 16 89 ...	125	101⅜	101⅞	−0⅛	−0⅛	15.60
Statsforetag 15⅜ 87 ...	50	98⅞	99⅜	+0⅛	−0⅛	15.97
Sweden 14½ 88	150	95⅜	95⅞	+0⅛	−0⅛	15.54
Swed. Ex. Cred. 16½ 93	75	101¼	101¾	−0⅛	+0⅛	16.15
Texas Eastern 15⅞ 88...	75	100⅜	100⅞	+0⅛	+0⅛	15.66
Transcanada 16 89	100	99⅝	100⅛	+0⅛	+0⅛	15.97
Winnipeg 17 86	50	105⅜	105⅞	−0⅛	−0⅞	15.19
WMC Fin. 15½ 88	50	96¾	97¼	+0⅛	+0⅛	16.21
World Bank 16½ 86 ...	130	104⅜	104⅞	+0⅛	−0⅛	14.93
World Bank 16½ 88 ...	100	104⅛	104⅝	−0⅛	−0½	15.32
World Bank 15⅛ 88 ...	250	98⅞	99⅜	−0⅛	−0⅛	15.37

Average price changes... On day 0 on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅝ 91	300	99⅞	100⅜	+0⅛	+0⅛	9.34
Belgelectric 11 91	100	101⅝	102⅛	−0⅛	−0⅛	10.65
CECA 10 91	120	101¾	102½	0	+0⅛	9.63
Coun. of Europe 10 91	100	100⅝	101⅛	+0⅛	+0½	9.82
C. of Europe 10¼ 91...	100	101¼	102	+0⅛	+0⅛	9.96
EEC 10¼ 93	100	101½	102	0	+0½	9.86
EIB 10½ 91	200	104¾	105	+0⅛	+1⅛	9.71
EIB 9¾ 88	60	99⅞	100⅜	0	+0⅛	9.78
Finland, Rep. of 10½ 86	100	101⅛	101⅝	+0⅛	+0⅛	10.05
Inter-American 10 91...	100	102⅜	102⅞	0	+1	9.49
Inter-American 10¼ 91	100	102⅛	102⅝	+0⅛	+1	9.82
Ireland 10⅛ 86	100	100⅛	100⅝	−0⅛	0	10.00
Mexico 11 88	100	100¼	100¾	−0⅛	+0⅛	10.87
Midland Int. Fin. 8½ 90	180	94⅜	95⅜	+0⅛	+0¼	9.36
Mt. Bk. Dnmk. 10½ 91	100	100½	101	−0⅛	+0½	10.35
Nat. West. 9⅞ 92	100	101⅜	102⅛	−0⅛	+0½	9.58
New Zealand 9¾ 89 ...	200	101⅞	102⅜	0	+0½	9.40
OKB 10¼ 91	150	101⅜	102⅛	+0⅛	+0½	9.82
OKB 9¾ 86	150	99⅝	100⅛	0	+0⅛	9.78
Quebec Hydro 10⅛ 91...	150	102⅜	102⅞	+0⅛	+0⅛	9.82
Swed. Ex. Cred. 10¼ 91	100	100	100⅜	−0⅛	+0⅛	10.17
Venezuela 11½ 91	100	100½	101	0	+0⅛	11.35
World Bank 10 91	250	103⅛	103⅞	0	+0½	9.42

Average price changes... On day +0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	101½	101⅞	−0⅛	−0⅛	7.26
Asian Dev. Bank 8 90	90	102⅜	102⅞	0	+0⅛	7.54
Australia 6¾ 93	100	103¼	103½	−0¼	−0¼	6.33
Belgelectric 7½ 91	80	100	100¼	+0⅛	−0⅛	7.47
Bell Canada 7⅛ 93 ...	100	104¾	105	+0⅛	−0⅛	6.63
Bet. de Autopistas 8 90	50	99¾	100	+0⅛	−0⅛	8.01
Denmark 7⅛ 91	100	98¾	99	+0⅛	−0⅛	7.41
Dome Petroleum 7¼ 90	100	102¾	103	+0⅛	+0⅛	6.78
EIB 7¼ 92	100	100¾	101	0	−0⅛	7.12
Elet. de France 7 92 ...	100	100½	100¾	−0⅛	−0⅛	6.90
ENEL 8 92	44	100⅜	100⅝	0	−0⅛	7.96
Genstar 7 91	100	102¾	103	0	+1¼	6.57
I/S Elsam 8½ 91	60	105½	105¾	+0⅛	+0⅛	7.64
Japan Air Lines 7⅛ 91	100	104¾	104¾	+0⅛	+0⅛	6.60
Neder. Gasunie 8 91...	100	107¼	107½	+0⅛	+0½	6.92
Nippon T. and T. 6⅝ 92	100	101¼	101½	0	−1	6.40
OKB 7⅛ 91	100	100¼	100½	+0⅛	−0½	7.19
Oslo, City of 8 91	100	†106¾	107	+1½	+2⅛	6.99
Ost. Donaukraft 7 92 ...	100	100⅛	100⅜	0	−0⅛	6.96
Saint-Euenne 8½ 91 ...	20	106	106½	+0⅛	+1⅛	7.56
Swed. Ex. Cred. 7⅛ 91	75	98½	98¾	+0⅛	+1⅛	7.46
TNT O/S Fin. 8 91 ...	50	105	105⅜	+0⅛	+0⅛	7.24
Transcanada Pipe. 7 94	100	102⅛	102⅜	0	+0⅛	6.72
Unilever NV 7½ 93 ...	100	106	106¼	0	−0⅛	6.72
World Bank 7 90	100	100⅞	101⅛	−0⅛	−0⅛	6.83
World Bank 8 91	100	105	105⅜	0	−0⅛	7.23

Average price changes... On day +0½ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91...	15	99⅝	100⅛	0	−0¼	8.21
Finland, Rep. of 8⅛ 87	15	99⅞	100⅞	0	−0⅛	8.27
Int.-Amer. Dev. 8⅞ 91	15	101¾	102¾	0	−1	8.51
Japan Airlines 7⅞ 87 ...	9	97¾	98¾	0	−2⅛	8.41
New Zealand 8⅛ 87	15	99⅛	100⅛	0	−0½	8.27

Average price changes... On day 0 on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98½	99	0	0	17.19
CIBC 15⅞ 89 C$	75	†97¾	98¾	+1⅛	+1⅛	16.21
Pancanadian 16½ 88 C$	65	†97¾	98¾	0	0	16.96
Quebec 17½ 87 C$	50	†100	101	−2½	−2½	17.27
Queb. Urban 16⅞ 86 C$	20	†97¾	98¾	−2½	−2½	17.32
Tordom Cpn. 16½ 88 C$	25	†99¾	100¾	+2¼	+2½	16.42
Transalta 17 89 C$	50	†99¾	100¾	0	0	16.91
U. Bk. Nwy. 9½ 90 EUA	18	92	93¾	−0⅛	0	10.83
Algemene Bk. 10⅛ 86 Fl	60	100	100½	+0⅛	+0½	10.16
Amfas Group 12⅛ 86 Fl	40	104	104½	+0⅛	+0⅛	11.00
Amro Bank 12 86 Fl ...	75	104½	105	+0⅛	+0⅛	10.53
Amro Bank 12 86 Fl ...	60	104⅝	105⅛	−0⅛	+1	10.54
Pierson 10⅛ 86 Fl	50	98¾	99¼	+0⅛	+1	10.36
Rabobank 12 86 Fl	50	104⅛	104⅝	+0⅛	+1⅛	10.63
OKB 14 86 FFr	400	91	92	−2⅛	−2⅛	17.12
Solvay et C. 14⅜ 86 FFr	200	91⅛	92⅛	−2⅛	−2⅛	17.61
Acona 14 85 £	20	95⅛	96⅛	−0⅛	+0⅞	15.56
Beneficial 14⅛ 90 £	20	86½	87½	0	+0⅛	17.18
BNP 13½ 91 £	15	90⅜	91⅛	−0⅛	+0⅛	15.37
CECA 13½ 88 £	20	94½	95½	0	+0½	14.68
Citicorp O/S 13½ 90 £...	50	95⅞	96⅞	−0⅛	+1	14.27
Fin. Ex. Cred. 13⅛ 86 £	15	95⅛	96⅛	−0⅛	0	15.26
Gen. Elec. Co. 12½ 89 £	50	92⅛	93⅛	−0⅛	−0⅛	14.23
Hiram Walker 14⅛ 86 £	25	96⅜	97⅜	−0⅛	+0⅛	15.18
Privatbanken 14½ 88 £...	12	91⅞	92⅞	−0⅛	−0⅛	16.56
Reed (Nd) NV 16⅜ 89 £	25	100⅛	101⅛	−0⅛	−0⅛	16.55
J. Rothschild 14⅛ 90 £	12	98	99	−0⅛	+1⅛	14.52
Royal Trustco 14 86 £...	12	97	98	+0⅛	+1⅛	14.87
Swed. Ex. Cr. 13⅛ 86 £	20	96⅜	97⅜	0	+1⅛	14.84
Eurofima 10½ 87 LuxFr...	500	95½	96½	+0⅛	−0⅛	11.47
EIB 9¾ 88 LuxFr	600	92⅛	93⅛	−0⅛	−1	11.53

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 91	0⅛	99¼	99¾	29/4	17.06	17.15
Bank of Tokyo 5⅛ 91 ...	0⅛	98½	99	10/6	13⅛	13.42
Bk. Nova Scotia 5¼ 93	0⅛	99⅜	99⅞	29/4	17.06	17.13
BFCE 5¼ 88	0¼	99½	100	26/4	16.94	16.98
BFCE 5⅛ 87	0¼	99¾	100¼	27/7	16⅛	16.25
Christiania Bk. 5½ 91...	‡0¼	99¼	99¾	5/5	16	16.08
Co-Ban Eurofin 5½ 91...	0¼	98⅞	99⅜	14/4	16.69	16.88
Credit Nat. 5⅛ 94	0⅛	99	99½	9/3	5⅛	5.30
Denmark, Kngdm. of 92	0⅛	98⅞	99⅜	26/2	15.44	15.57
Den Norske Cred. 5½ 93	0¼	97⅜	98⅜	4/6	13.56	13.86
Genfinance 5⅛ 92.........	0¼	99⅛	99⅞	30/6	15⅛	15.64
GZB 5⅛ 92	‡0¼	99	99½	8/6	14.94	15.05
Ind. Bank Japan 5⅛ 88	0⅛	99⅝	100⅛	9/5	13.31	13.33
Lloyds Eurofin 5⅛ 93 ...	§0⅛	99⅜	99⅞	29/4	17.13	17.19
LTCB Japan 5½ 89	0⅛	99⅛	99⅝	16/7	15.31	15.41
Midland Int. Fin. 9 91...	0⅛	99½	100	30/4	17.06	17.11
Nat. Bk. Canada 5⅛ 88	0⅛	99⅛	99⅝	24/3	17.31	17.42
Nat. West. Fin. 5⅛ 91...	§0⅛	99⅛	99⅝	15/7	15.19	15.28
Nippon Credit 5⅛ 90 ...	0⅛	99⅜	99⅞	10/8	16.06	16.12
Nordic Int. Fin. 5½ 91...	0⅛	98½	99	6/5	15⅝	15.82
Offshore Mining 5¼ 91	0⅛	98⅞	99⅜	2/6	13	13.11
Pemex 6 91	0⅛	96⅜	96⅞	8/4	17	17.59
PKbanken 5 91	0⅛	98⅝	99⅛	17/6	14⅛	14.52
Sanwa Int. Fin. 5⅛ 88...	0⅛	†98⅞	99⅜	24/3	17⅛	17.36
Scotland Int. 5⅛ 92......	0⅛	98⅜	98⅞	23/3	13.94	14.13
Sec. Pacific 5⅛ 91	0⅛	98⅞	99⅜	24/5	13⅛	13.37
Societe Generale 5¼ 91	0⅛	99	99½	22/7	15⅛	15.37
Societe Generale 5⅛ 95	0⅛	99⅜	99⅞	1/9	15.31	15.37
Standard Chart. 5⅛ 91	0⅛	98⅜	98⅞	18/5	13.31	13.50
Sumitomo Fin. 5½ 88...	0⅛	99½	100	9/8	16	16.04
Sweden 5⅛ 89	0⅛	99	99½	26/8	15.31	15.43
Toronto Domin'n 5⅛ 92	0⅛	99⅝	100⅛	11/8	16⅛	16.40

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	88⅞	89⅜	−2⅞	7.62
Bow Valley Inv. 8 95 ...	4/81	23.12	93	94¾	0	19.94
Bridgestone Tire 5½ 96	3/82	470	81½	83	−0½	−2.81
Canon 6⅛ 95	1/81	829	85½	87⅛	−2⅛	3.02
Daiwa Secs. 5½ 96	12/81	513.3	†82	84	−1	−6.64
Fujitsu Fanuc 4½ 96 ...	10/81	6770	82	83¾	−2⅛	14.36
Furukawa Elec. 5⅛ 96...	7/81	300	91½	92⅛	−2½	−7.44
Hanson O/S Fin. 9½ 96	8/81	1.36	†88	89	0	−7.77
Hitachi Cable 5⅛ 96......	2/82	515	80⅛	81⅛	−4⅛	−4.68
Hitachi Cred. Cpn. 5 96	7/81	1773	72¾	74½	−2⅛	3.80
Honda Motor 5½ 97......	3/82	841	76	77½	−2½	1.70
Inchcape 8 95	2/81	4.55	†61½	63	+1	19.94
Kawasaki 5⅛ 96	9/81	229	61½	63	−1⅛	−3.03
Marui 6 96	7/81	931	88½	90	−2½	10.30
Minolta Camera 5 96 ...	10/81	909	58	59½	−3	9.75
Minorco 9⅛ 97	5/82	8.16	†83	85	0	16.72
Murata 5⅛ 96	7/81	2190	56⅜	58⅛	−1	20.32
NKK 6½ 96	7/81	188	71½	73	−2½	−23.06
Nippon Chemi-C. 5 91...	10/81	919	†63	65	+2	−1.48
Nippon Electric 5⅛ 97...	2/82	846	82⅛	83⅞	−3⅛	2.88
Orient Finance 5⅛ 97 ...	3/82	1567	87⅛	88⅝	−1⅞	5.02
Sanyo Electric 5 96......	10/81	652	66	67½	−2⅛	3.84
Sumitomo Elec. 5½ 97...	3/82	635	76⅜	78⅛	−4½	0.69
Sumitomo Met. 5⅛ 96...	10/81	306	62⅞	64⅜	−0⅛	9.27
Swiss Bk. Cpn. 6⅛ 90...	9/80	191	70	72	−0⅛	15.89
Konishiroku 6 90 DM ...	2/82	585	98⅜	99⅛	+0⅛	1.39
Mitsubishi H. 6 89 DM	2/82	263	90⅞	92⅛	−2⅛	13.04

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Amdahl sees sharp profits reverse

By Paul Betts in New York

AMDAHL, the Californian manufacturer of large mainframe computers, is the latest U.S. high-technology company to warn that profits will be substantially lower this year because of the American economic slump.

The company said it expects to report sharply lower net profits for the first three quarters of this year, and that any improvement in the fourth quarter would depend largely on the number of shipments of the company's new 5860 computer.

This computer was expected to make its debut in the second quarter, but the company says initial shipments are not scheduled to begin before August. The delay, Amdahl said, was largely due to design changes made very late in the computer model programme. The company also said late deliveries of parts from outside suppliers had delayed production.

The report that Amdahl expected earnings to decline in the first three quarters of this year sent Amdahl shares tumbling on the American Stock Exchange yesterday. Amdahl shares declined by 3½ points to just over $19 in morning trading.

Last week Honeywell said it expected lower earnings in the first quarter because computer revenues had fallen well below expectations. This also sent Honeywell shares skidding. Earlier Data General also announced it expected lower earnings, leading to a one-day sell-off of Data General shares, which lost as much as 10 points in a single session.

Amdahl last year reported a 76 per cent increase in net income, compared with the year before, to $26.8m. Revenues rose from $394.4m in 1980 to $442.8m in 1981.

The impact of the U.S. recession on high-technology companies' earnings has now led to a general sell-off by large institutions of high-tech stocks. High-technology stocks, like energy stocks, have fallen victim of institutional selling with the large institutions turning to retail and food stocks which are currently enjoying a small revival in the stock market.

New twist in Heublein battle with Cinema

By Our Financial Staff

HEUBLEIN, the vodka distiller and Kentucky Fried Chicken group, yesterday claimed a successful move in its game of nerves with General Cinema. Heublein has been fiercely reacting to General Cinema's purchase of 9.7 per cent of its stock.

The drinks company said that a federal court in Hartford has issued a temporary restraining order against a Federal Trade Commission ruling ordering Heublein to postpone further purchases of Cinema's stock.

Heublein has bought 3.8 per cent of Cinema's equity and said it wants more. It also wants to repurchase the stake in its own equity held by Cinema.

However, Heublein also said yesterday it was informed on Friday by the board of Cinema that the film industry company plans to purchase at least 15 per cent of Heublein's outstanding stock and may buy as much as 49.9 per cent.

Last week General Cinema purchased more than 1m of its own shares and approved the repurchase of another 2m shares.

N. AMERICAN QUARTERLIES

CONAGRA	1981-82 $	1980-81 $
Third quarter		
Revenue	355.2m	344.0m
Net profits	6.54m	5.21m
Net per share	0.49	0.41
Nine months		
Revenue	1.32bn	959.4m
Net profits	23.13m	19.79m
Net per share	1.77	1.58

GULF & WESTERN INDUSTRIES	1981-82 $	1980-81 $
Second quarter		
Revenue	1.37bn	1.37bn
Net profits	60.5m	70.5m
Net per share	0.79	0.91
Six months		
Revenue	2.75bn	2.69bn
Net profits	132.1m	147.1m
Net per share	1.72	1.91

HYSTER	1981-82 $	1980-81 $
Fourth quarter		
Revenue	141.4m	158.3m
Net profits	6.33m	10.0m
Net per share	1.04	1.65
Year		
Revenue	583.6m	629.7m
Net profits	34.07m	43.47m
Net per share	5.61	7.20

LEVITZ FURNITURE	1981-82 $	1980-81 $
Fourth quarter		
Revenue	125.2m	140.3m
Net profits	2.64m	4.84m
Net per share	0.63	1.14
Year		
Revenue	488.5m	500.8m
Net profits	8.87m	13.18m
Net per share	2.10	3.10

PAY LESS DRUG STORES NW	1981-82 $	1980-81 $
Fourth quarter		
Revenue	226.6m	220.9m
Net profits	8.28m	7.04m
Net per share	0.92	0.78
Year		
Revenue	758.5m	760.9m
Net profits	16.65m	14.32m
Net per share	1.85	1.61

SIMPSONS-SEARS	1981-82 C$	1980-81 C$
Year		
Revenue	3.13bn	2.95bn
Net profits	31.9m	50.3m
Net per share	0.37	0.58

Shell Canada threatens to abandon Alsands project

BY ROBERT GIBBENS IN MONTREAL

SHELL CANADA'S leadership of the C$13bn (US$11.8bn) Alsands project in Alberta will probably be decided by the end of this month.

Mr William Daniel, president of Shell Canada, said his company will not remain in the Alsands consortium if it is majority controlled by governments and their agencies.

Shell has a 25 per cent interest in Alsands, Petro-Canada, the national oil company 17 per cent, and Gulf Canada about 8 per cent. The other members — Dome Petroleum, Hudsons Bay Oil and Gas, Chevron Canada and Amoco Canada representing together a 50 per cent interest —have pulled out because of uncertainties over the rate of return and future oil prices.

Mr Marc Lalonde, Federal Energy Minister, and Mr Merv Leitch, Alberta's Energy Minister, are having further talks this week to try to solve the problems of the Alsands project, which would produce almost 140,000 barrels daily of synthetic oil from a tar sands extraction plant.

Mr Lalonde said in Montreal that his government is still committed to the Alsands project, despite declining world oil prices, and regards it with equal priority to the Beaufort Sea and East Coast offshore oil development.

However, he said for the first time that production from Alsands is not now envisaged until 1989, and this implies that the capital cost including inflation to 1989 will be much more than C$13bn.

This in turn constitutes the problem of investment return.

Mr Daniel said in Toronto that Alsands started as a private sector project and that is the way Shell wants it to continue. Petro-Canada inherited a 17 per cent interest in Alsands when it bought Petrofina Canada for more than C$1bn early last year.

"If there is no private sector involvement besides Shell, we will have to look at where we stand," said Mr Daniel.

A number of private sector companies have been rumoured to be considering participation in Alsands, especially those with sufficient earnings from other sources to benefit from Alsands tax write-offs. Among these companies, Nova Corporation, Hiram Walker, Pancanadian (Canadian Pacific), Texaco Canada, and Norcen Energy have been mentioned. Gulf Canada has already indicated it may pull out. Gulf has major developments in progress in the Beaufort Sea and off the East Coast.

Mr Daniels said Alsands has approached about six companies to see whether they would join the project. The consortium also welcomed back any company which has left.

Shell hopes to hear from these companies by the end of this month.

Mr Lalonde indicated last night that the share of Petro-Canada may be increased and that the Alberta government may invest directly in the project.

Record earnings for Jewel

BY OUR FINANCIAL STAFF

JEWEL COMPANIES, the Chicago-based supermarket and drug store operator, ended the year to January last with a substantial gain in profits, although comparisons are distorted by disposals and by accounting changes at Aurrera, the partly-owned Mexican offshoot.

Full year earnings show a gain of 84 per cent to $101.7m or $6.03 a share, a record level. But this year's net includes a gain of $27.3m on sale of stock in Aurrera and of 30 cents from the adoption at Aurrera of FASB 52 accounting procedures. The previous year took in a loss of 71 cents from discontinued operations.

Sales for the year gained 20 per cent to $5.11bn, but this includes a slower final quarter in which sales growth was only 7.3 per cent.

At the beginning of the 1981-1982 fiscal year, Jewel decided to close down its home shopping service which had turned in a loss of $1.3m in the previous 12 months. It also reduced its stake in Aurrera from 41.7 per cent to 36.1 per cent, realising $15.9m.

At the same time, Jewel disclosed plans to expand its supermarket and drug store operations, which have traditionally produced the bulk of profits, with 61 per cent and 34 per cent respectively in 1980-81.

Capital expenditure of around $350m have been estimated for the three years to fiscal 1983-84. On the back of this expansion, Wall Street has been predicting increased earnings from Jewel in the current year.

Supermarket operations consist of the Buttery, Eisner, Jewel and Star chains, covering 14 states. Drug stores total nearly 150, and extend throughout 25 states.

Heavy loss at Groupe Bruxelles Lambert

BY OUR FINANCIAL STAFF

GROUPE Bruxelles Lambert, the Belgian banking and industrial group which earlier this year went on board a powerful consortium of new shareholders, reports heavy losses for last year.

The company also announces plans for a financial reorganisation involving the merger with a major subsidiary, and says that its financial year is to be changed from September to March.

Net losses for the year ended September 1981 totalled BFr 463.4m ($9.9m) which, the group says, will be covered entirely by reserves.

The group plans to merge with its wholly-owned subsidiary Compagnie Bruxelles Lambert (CBL).

Earlier this year a consortium took a one-third stake in Groupe Bruxelles Lambert by subscribing BFr 2.6bn in new shares.

Bendix pays $98.4m for RCA stake

By Our Financial Staff

BENDIX, the large U.S. manufacturer which supplies products for the motor, aerospace and industrial markets, paid $98.4m for the 7.2 per cent it has bought in RCA, a leader in the U.S. colour television, broadcasting, vehicle renting and defence electronics industries.

The directors of Bendix have told RCA that the shares were acquired for investment purposes and that no further shares will be bought for 30 days.

Amoco's reserves up but setback for Texaco

By Our Financial Staff

STANDARD OIL of Indiana has reported a marginal increase in oil and gas reserves while Texaco has reported a decline despite a sharp increase in its exploration expenditures.

Standard Oil, which retails under the Amoco brand name, said its total crude oil and natural gas liquids reserves rose to 2.69bn barrels at the end of last year from 2.65bn a year earlier. The main gain was overseas—from 756m barrels to 795m—while U.S. reserves were barely ahead at 1.67bn barrels and the Canadian ones fell to 209m barrels from 230m.

The company's total gas reserves rose to 14.93 trillion cu ft from 13.68 trillion, with the main gains coming in the U.S. and overseas while Canada edged ahead.

It said that its capital and exploration budget in 1982 will be $5.2bn, about the same as 1981, but the U.S. share will increase to $3.6bn from $3.5bn. Total capital spending in 1980 was $3.26bn.

"The company's prospects are limited not by a lack of investment possibilities but a tax-induced shortage of capital," it said.

Taxes totalled $16.75 a share in 1981 against $6.56 a year earlier while net earnings were $6.56 against $6.54.

Texaco said its net proved reserves of crude oil and natural gas liquids fell to 2.12bn barrels at the end of 1981 from 2.33bn a year earlier.

Its worldwide gas reserves slipped to 10.17 trillion cubic feet from 10.84 trillion a year earlier.

Texaco's capital spending rose 65 per cent to $2.2bn in 1980 and then increased by a further 47 per cent last year.

For a number of years Texaco's profitability lagged that of the industry leaders, mainly because it lacked low-cost supplies of crude oil, although it does have access to Saudi Arabian crude. The heavy capital spending is designed to improve supplies.

Texaco reported 1981 net earnings of $2.3bn, or $8.75, on sales of $59.4bn, compared with $2.24bn, or $8.31 on sales of $52.5bn.

Citicorp lifts payout

Citicorp, holding company for the second largest bank in the U.S., has raised its quarterly dividend to 43 cents a share from 39 cents, payable May 3 to shareholders of record on March 9, writes our Financial Staff.

U.S. group pulls out of Basque glass deal

By Robert Graham in Madrid

GUARDIAN INDUSTRIES, the U.S. glass producer, has pulled out of a Pta 9.2bn ($88m) float glass investment in a Basque-based concern, Vidrieras de Llodio.

Vidrieras de Llodio last August reached an understanding with Guardian whereby the U.S. group would finance a Pta 9.2bn float glass plant in return for a controlling shareholding in the Spanish company. The move was to have been the biggest single recent foreign investment in the Basque country, seemingly helping to endorse the region's industrial future.

Although political uncertainties in the Basque country have been cited, as the reason for Guardian's decision to withdraw, this is ruled out by the Spanish company. Vidrieras de Llodio said that the question of Basque politics had never entered into the negotiations. "We have not been told why Guardian has decided not to go ahead."

The most likely reason is thought to be a revised view of the costs of the investment measured against market projections and existing planned Guardian capacity in Europe.

Vidrieras de Llodio is determined to acquire a float process and would prefer an international partner but has yet made no other contacts.

This is the third time in two years that a multinational has decided to pull out or scale down major investment commitments in Spain. The previous instances have involved Fiat with the car producer, Seat, and International Harvester with the truck producer, Enasa.

Danish security company shows advance

By Hilary Barnes in Copenhagen

ISS, the Danish cleaning and security systems group, reports sharply higher profits for 1981 and plans a one-for-six scrip issue.

An "extremely satisfactory year" has taken net profits up by 67 per cent from DKr 27.7m to DKr 46.1m ($5.7m). Pre-tax earnings increased from DKr 53.7m to DKr 72.8m. Sales rose by 7 per cent to DKr 3.72bn, or by 18 per cent on a comparable basis, says the preliminary report.

The bonus issue will increase capital from DKr 84m to DKr 100m. Earnings per share increased from DKr 32.94 to DKr 54.93—ISS' best performance since 1977.

The company proposes to pay shareholders a maintained dividend of 10 per cent.

Last August—when unveiling a rise from DKr 17.8m to DKr 23.5m in pre-tax profits for the half-year—ISS told shareholders to expect a sharp increase in profits for 1981 as a whole.

Olivetti lifts dividend after sharp upturn in earnings

BY JAMES BUXTON IN ROME

ING C Olivetti, the parent company of the Olivetti data processing and office equipment group, yesterday announced a 75 per cent increase in profits for 1981, to L87.8bn ($68m) from L50.1bn in 1980.

The result, which further confirms the growing strength of Olivetti, the largest company in its field in Europe, and the sixth biggest in the world, is based on a 33.5 per cent increase in turnover to L1,362bn.

The profit figure was struck after allowing L82.2bn for depreciation, L103bn for research and L27bn for tax.

Gross income before charges was L280bn, compared with L205.8bn in 1980. This was partly the result of a fall in net financial charges from L77.4bn in 1980 to L45.3bn in 1981. Debt fell from L318.7bn at the end of 1980 to L60.8bn at the end of 1981.

The company is to ask shareholders at the annual meeting next month to approve the issue of a L120bn non-convertible bond. A dividend of L180 per share is to be paid against L140. In 1979 the company paid its first dividend since 1974.

Turnover of the entire Olivetti group in 1981 was up 32.4 per cent at L2,887bn. The consolidated results will be presented in June.

Olivetti says that profits were made despite "the decline in the international economic situation," which it says was particularly marked in the last four months of 1981.

Fivefold profits rise at Statoil

BY FAY GJESTER IN STAVANGER

STATOIL INCREASED net profits fivefold last year to NKr 1.02bn ($170m), and will for the first time pay its owner, the state, a dividend—of NKr 368m.

However, because the company has now repaid the deficits it accumulated during its development stage, tax for 1982 is likely to be around NKr 3bn, against NKr 352m in 1981. As a result, after tax profits for 1982 are expected to be somewhat below last year's figure.

Group turnover rose to NKr 13.5bn from NKr 8.6bn in 1981, including Statoil's marketing and refining subsidiaries, Norsk Olje (Norol) and Rafinor. Capital spending was just over NKr 3bn, with investments in the Statfjord field accounting for about 70 per cent of the total.

Looking ahead, Statoil expects to continue investing heavily over the next few years. New projects such as the "golden block" oil and gas development, the Statpipe gas gathering system and the Heimdal gas field will push investment spending up to between NKr 7bn and NKr 10bn annually.

In Stavanger yesterday Mr Arve Johnsen, the managing director, said the most important exploration event for Statoil in 1981 had been its discovery of a sizeable gas field on a concession off the north Norwegian coast.

Finds so far indicated reserves about half the size of the Anglo-Norwegian Frigg field. Exploration in the area would continue this summer and it was hoped that enough additional gas would be found to justify eventual development, although this lay "well in the future."

Altogether it had been a good year for the company's exploration activities. Of 14 wells drilled, 11 had hit oil or gas—an 80 per cent success rate.

Strong growth at Banque Europeene de Credit

BY GILES MERRITT IN BRUSSELS

BANQUE Europeene de Credit reports a sharp increase in net profits, short-term lending and total balance sheet for 1981.

The Brussels-based Eurocurrency specialist bank, which is owned directly and indirectly by the member of the European Banks International consortium (EBIC), disclosed that net earnings last year were 88 per cent up on 1980 at BFr 840m ($19m).

The total balance sheet grew by 45 per cent during the year, rising from BFr 107.5bn to BFr 155.7bn, while short-term lending increased by 105 per cent to BF 35.2bn.

The bank pointed out, however, that the expansion of its balance sheet was mainly the result of currency fluctuations during a year in which the value of the dollar had risen by 30.7 per cent against the Belgian franc.

The bank granted a total of 79 loans worth the equivalent of BFr 27.8bn, and was involved in the management of 24 syndicated loans worth $4.2bn, and was lead manager to half of those.

An unchanged 12 per cent dividend is proposed.

The membership of EBIC is: Amsterdam - Rotterdam Bank, Banca Commerciale Italiana, Creditanstalt - Bankverein, Deutsche Bank, Midland Bank, Belgium's Societe Generale de Banque and Societe Generale of France.

Wienerwald assurance on debt service

By John Wicks in Los Angeles

WIENERWALD, the Swiss-based restaurant and hotel group, is fuly able to meet contractual commitments to service and repay debt, Mr Friedrich Jahn, its founder, said here after two German banks called in a total of DM 3m of the company's DM 260m ($110m) total borrowings

A large-scale investment programme costing the equivalent of DM 292m was completed and all debt would be repaid in the next four years, he added.

Mr Jahn, who flew to Europe yesterday, said that "rumours were chasing rumours" and admitted that Weinerwald could find itself in difficulties if more banks were to call for repayment.

The debt was largely to finance a DM 135m investment programme in the U.S. and a DM 100m expansion in West Germany. Spending has been centred on the acquisition and reorganisation of the International House of Pancakes and Lums Restaurant chains in the U.S. and the setting up of a German travel agency, Jahn-Reisen.

Business in the U.S. is developing according to the group's five-year plan, with profits expected both for this year and 1983.

Philips Australia resumes payment

BY GRAEME JOHNSON IN SYDNEY

PHILIPS HOLDINGS has resumed dividend payments after a rapid recovery in profit from A$1.9m to A$11.9m (U.S.$12.6m).

The Dutch-controlled television and household electrical goods group has declared a 5 per cent a share pay out—the first dividend it has paid since 1977 when it got into financial difficulties.

Turnover last year rose by 7 per cent from A$416m to A$446m. Profit growth came mainly from rationalisation

Philips repaid A$17.1m of loans during the year, reducing interest payments from A$10.8m to A$8.9m. Earnings per share rose from 3.3 cents to 20.8 cents.

Tax for the year was A$194,000, compared with A$146,000 previously. The company is utilising tax losses chalked up since 1977.

Tokyo SE closer to admitting overseas members

By Richard C. Hanson in Tokyo

THE BOARD of governors of the Tokyo Stock Exchange voted yesterday to open the membership to foreign securities houses. The measures must now be approved by an extraordinary meeting of the exchange's 83 members, set for March 31, and by the Finance Ministry.

The SE board agreed to delete that section of the exchange's constitution which forbids foreign members. But the move, even after approval by all parties concerned, will not necessarily lead to any immediate applications from foreign brokers.

Merrill Lynch, the largest foreign broker licensed to do business in Japan, for example, is considering whether to seek membership in Tokyo or on one of the country's regional exchanges.

While certain long-term advantages may be gained from joining the Tokyo market, there are still a number of obstacles to be faced. The first is cost. It is generally estimated that becoming a member in Tokyo would cost Y1bn ($4.3m), far more than a seat on the New York Stock Exchange.

Kubota setback

Kubota, the Japanese maker of agricultural equipment and cast iron pipes, has reported consolidated net income for the nine months ended January 15 of $42.5m, or 64 cents per American Depository Share, against $50.13m, or 76 cents, a year earlier. Sales rose to $1.73bn from $1.69bn, our Financial Staff reports.

Japanese profits recovery hit by exports recession

BY YOKO SHIBATA IN TOKYO

JAPANESE corporations listed on the first section of the Tokyo Stock Exchange have revised downwards their earnings forecasts for the current half year ending March 31, according to surveys conducted by two leading securities houses, Nikko Securities and Daiwa Securities.

In earlier business forecasts, Japanese corporations were expected to bounce back to large profits in the period, after the setbacks in the two previous half-years ended March, 1981, and September, 1981.

However, a recent Daiwa survey showed that forecasts of the growth rate of operating profits has been cut by almost half to 16.5 per cent from 30.8 per cent forecast in December.

An unexpected fall in the yen's value which hit the earnings of oil refiners and power companies, recession in Japan's main export markets, worsening export circumstances caused by trade friction and the delayed recovery of domestic demand all contributed to disappointing earning performances.

Nikko's survey said that 381 corporations listed on the first section of the TSE expect a 15.7 per cent hike in combined operating profits in the current half-year, against a 25.5 per cent boost in operating profits forecast in a December survey.

Export oriented industries such as vehicles, electric appliances and precision machinery, which in the past had been a major impetus for the economy, have revised downward their forecasts for the current six months. In these industries, slackening demand in both domestic and overseas markets cancelled out benefits from the yen's depreciation. Daiwa believes its index of profits will be down to 85 this period compared with a base of 100 at the last peak in the first half of 1980.

Looking ahead to the half-year starting April, Nikko is forecasting a rise in operating profits of 10 per cent on a 1.6 per cent increase in sales.

Other securities houses and banks are less optimistic. Daiwa, for example, expects that operating profits will fall by 1.8 per cent from a year earlier on a 0.3 per cent decline in sales. This would be the first fall in turnover since the half-year ending September, 1978.

Malaysian banker to buy majority stake in AMDB

BY WONG SULONG IN KUALA LUMPUR

MAJORITY CONTROL of Malaysia's largest merchant bank, Arab-Malaysian Development Bank, is being bought by Datuk Azman Hashim, a prominent local banker, for 56m ringgit (US$24.3m).

AMDB leads the sector of 12 banks with assets of 1.16bn ringgit and deposits of 760m ringgit at December 1980. It owns Arab-Malaysian Finance Company, one of the country's leading finance companies.

The merchant bank reported pre-tax profits of 7.9m ringgit and shareholders' funds of 49.5m ringgit for 1980.

As part of the deal Datuk Azman and his family will sell their 19 per cent stake in Kwong Yik Bank to a subsidiary of the Perak State Economic Development Corporation for an undisclosed sum.

Datuk Azman, currently executive chairman of Kwong Yik, will by 24.888m shares of 1 ringgit each in AMDB from Malaysian Industrial Development Finance at 2.25 ringgit a share

It is also believed that Mr Ghazali Bin Dato Yusof, chief executive of AMDB, has bought the 5 per cent of AMDB owned by Mr Hussein Najadi, the former Bahraini managing director of AMDB, who had been largely responsible for the bank's growth

Esso to spend $490m in Malaysia

By Our Kuala Lumpur Correspondent

ESSO PRODUCTION Malaysia (EPMI), a wholly-owned subsidiary of Exxon, will spend US$490m on oil exploration and development in Malaysia this year, an increase of 57 per cent from last year.

This is equal to 6.37 per cent of the expenditure Exxon would be investing in its global operations, excluding the U.S.

The money is to be used largely for the installation of four new production platforms off the coast of Trengganu and the building of a crude oil terminal at Kerteh, the oil town in Trengganu. Both projects were started last year.

Earnings and payout raised at Humes

By Graeme Johnson in Sydney

HUMES, the concrete, steel and plastics pipes group, has increased profits by 11.8 per cent from A$6.33m to A$7.08m (U.S.$5m) for the half-year ended December 1981 despite a poor performance by its subsidiary, Steel Mains.

Humes' results exclude Humes Far East—which was sold last year and which contributed A$1.35m in the comparable 1980 six months—and the recently acquired ARC Industries.

The interim dividend has been increased from 3 cents to 4 cents a share on capital increased by a one-for-five scrip issue. Turnover fell almost 22 per cent from A$196.75m to A$153.89m.

Interest charges for the half-year fell from A$3.66m to A$2.66m and depreciation was also lower at A$5.92m, against A$7.1m previously.

Sharp growth for Israel Discount Bank

By L. Daniel in Tel Aviv

Israel Discount Bank, the smallest of the country's three major banks, reported a rise in net profits to Shl 539m last year from Shl 240m in 1980.

This was an increase of 125 per cent in nominal terms and 11 per cent in real terms because of Israel's high inflation rate. Profits in dollar terms grew by only 8.8 per cent to $34.5m because the shekel was devalued by 107 per cent against the dollar during the year.

INTERNATIONAL APPOINTMENTS

Falconbridge top post

● FALCONBRIDGE NICKEL MINES, Toronto, has appointed Mr William James as president from April 20 succeeding Mr H. T. Berry, who will continue as chairman and chief executive officer. Mr James, currently executive vice president of Noranda Mines will also serve as chief operating officer of Falconbridge.

● Mr Herbert A. Granath has been appointed president, ABC VIDEO ENTERPRISES INC. He had been vice president in charge, since the division was established as a subsidiary of American Broadcasting Companies, Inc., in July, 1979.

● Bangor Punta Corporation has made senior executive moves at its Smith and Wesson division in Springfield, Massachusetts. Mr Joseph R. Ferrara has been appointed senior vice president of operations. Mr Robert I. Hass has been appointed senior vice president of marketing and sales. Mr Robert A. Metzger, formerly vice president—manufacturing, was named senior vice president—operations with responsibilities for production facilities in Springfield, Masschusets and Houlton, Maine.

● Mr Dennis Arrouet has been elected treasurer of AMAX INC, Greenwich, Con. He was assistant treasurer.

● FOREST OIL CORP has appointed Mr Richard L. Coons as vice-president-regional manager for Region I located in Corpus Christi, replacing Mr Gilbert G. Wright, who is retiring. Mr Coons was exploration manager for Argo Petroleum Corp, Santa Monica, California.

● Mr Roger Flemington, an assistant general manager, international banking division, National Westminster Bank, has been appointed to the board of its wholly-owned subsidiary, NATIONAL BANK OF NORTH AMERICA.

● Mr Harry Gelles has joined the Los Angeles office of RUSSELL REYNOLDS ASSOCIATES, Inc., an executive recruiting firm, as senior vice-president. For the past three years he was a managing director of Dean Witter Reynolds, Inc.

● WEEKS AUSTRALIA has appointed Mr R. N. Walford, of Melbourne, a director of the company since its inception, as chairman. Mr H. A. Nedom, of the U.S., the former chairman who resigned in favour of Mr Walford, will now serve as deputy chairman. Mr J. P. Gold has been appointed to the board from April 10 and will become managing director. Mr T. B. Patrick will continue as managing director until April 10 and will remain on the board thereafter.

● MICOM SYSTEMS, INC., Chatsworth, Calif., has appointed Mr Chris G. Kember as vice-president, sales. He comes from IBM.

● Mr Dennis J. Dickinson has been appointed executive vice-president of GENERAL TIME CORPORATION, a subsidiary of Talley Industries, Inc., Mesa, Arizona.

● Dr Frank W. R. Hubert, Chancellor of tne Texas A and M University System, has been elected to the board of BLOCKER ENERGY CORP., Houston.

● A Briton has landed a top world pen manufacturing job, Mr Stanley Dovey, previously managing director and manufacturing chief at PARKER PEN's UK headquarters, at Newhaven, is now responsible for the company's world-wide writing instrument group, in Janesville, Wisconsin. As vice-president of manufacturing and production engineering, Mr Dovey is responsible for Parker factories around the world.

● Mr Kenneth M. Leffler has been appointed an officer, as manager, in the technical services department of the FEDERAL RESERVE BANK OF NEW YORK.

BASE LENDING RATES

A.B.N. Bank	13 %	Robert Fraser	14 %
Allied Irish Bank	13 %	Grindlays Bank	‡13 %
American Express Bk.	13 %	■ Guinness Mahon	13 %
Amro Bank	13 %	■ Hambros Bank	13 %
Henry Ansbacher	13 %	Heritable & Gen. Trust	13 %
Arbuthnot Latham	13 %	■ Hill Samuel	§13 %
Associates Cap. Corp.	13 %	C. Hoare & Co.	†13 %
Banco de Bilbao	13 %	Hongkong & Shanghai	13 %
BCCI	13 %	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14½%
Bank Street Sec. Ltd.	15 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	14½%
Bristol & West Invest.	14 %	E. S. Schwab	13 %
Brit. Bank of Mid. East	13 %	Slavenburg's Bank	13 %
■ Brown Shipley	13 %	Standard Chartered	‖13 %
Canada Perm't Trust	14 %	Trade Dev. Bank	13 %
Castle Court Trust Ltd.	13½%	Trustee Savings Bank	13 %
Cavendish G'ty T'st Ltd.	15¼%	TCB Ltd.	13 %
Cayzer Ltd.	13½%	United Bank of Kuwait	13 %
Cedar Holdings	14 %	Whiteaway Laidlaw	13½%
■ Charterhouse Japhet	13 %	Williams & Glyn's	13 %
Choulartons	14 %	Wintrust Secs. Ltd.	13 %
Citibank Savings	¶12¾%	Yorkshire Bank	13 %
Clydesdale Bank	13 %		
C. E. Coates	14 %		
Consolidated Credits	13½%		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13½%		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.8%.

† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.

‡ Call deposits £1,000 and over 10%.

‖ 21-day deposits over £1,000 11%.

§ Demand deposits 10½%.

¶ Mortgage base rate.

WORLD STOCK MARKETS

Firmer early Wall St trend

A FIRMER tendency prevailed on Wall Street in fairly active early dealings yesterday, but analysts attributed the gains to technical factors rather than any change in the negative news background.

The Dow Jones *Industrial* Average moved within a narrow range all morning, and was a modest 1.33 up at 802.32 at 1 pm. The NYSE All Common Index picked up 30 cents to $63.18, while rises outscored declines by a seven-to-four ratio. Trading volume expanded to 34.57m shares from Monday's 1 pm figure of 28.92m.

Hildegarde Zagorski, of Bache Group, said the market was overdue for a technical rally. Up to last Friday, the DJ Average had dropped over 77 points so far this year, and many Technology and Energy stocks, traditional market leaders, were trading at or near their 52-week lows.

However, analysts question whether the rally would last, and noted that trading is not nearly as active on the upside as it was when the market was sliding down over the past few weeks.

A sustained uptrend may be prevented by a rise in the Prime Rate back up to 16½ per cent by all four of the major banks that moved down to 16 per cent last week.

Energy and Technology stocks benefited from bargain hunters buying up the stocks that have dropped sharply in recent weeks. General American Oil rose 2¾ to $29, Motorola 1⅛ to $53, Texas Oil and Gas $1 to $24⅞ and active Digital Equipment ⅞ to $75⅝.

Detroit Edison was the volume leader but lost ⅛ to $11⅛ on turnover of about 611,000 shares.

Citicorp hardened ⅛ to $25½ in heavy trading on raising its dividend.

THE AMERICAN SE Market Value Index retrieved 1.25 at 246.18 at 1 pm. Volume 2.97m shares (2.51m).

Amdahl was the most active stock and fell 3¼ to $19⅞. On Monday, the company said it expects fiscal nine-months earnings to be significantly lower than last year.

Closing Prices for North America were not available for this edition.

Canada

Markets in Canada also recovered some ground yesterday morning in moderate activity. The Toronto Composite Index—put on 9.7 to 1,547.3 at noon. Golds improved 42.5 to 2,074.7, Oil and Gas 15.5 to 2,381.2 and Metals and Minerals 11.0 to 1,434.7.

Tokyo

Stock prices fell sharply over a wide front, taking the Nikkei-Dow Jones Average down 161.69 to an 18-month low of 6,916.99.

This is the *lowest closing* point for the Average since standing at 6,915.40 on September 2, 1980. Yesterday's drop was the ninth-largest on record. The severest one-day fall recorded was 302.84 on September 28, 1981.

Dealers reported active selling by speculative investors in a market where buying interest had dwindled because of gloomy economic prospects in both domestic and export markets.

The Tokyo SE index dipped 9.68 to 523.07, while declines outpaced gains by 557 to 108 on the First Market after volume *of 300m shares (230m)*.

Issues related to Government spending retreated on profit-taking, losing ground gained in recent weeks in anticipation of accelerated public works outlays, which were announced yesterday to stimulate the Japanese economy.

A stock analyst at Daiwa Securities said "the market completely neglected the Government announcement yesterday on economy stimulating measures, and sentiment was dampened by worsening economic conditions in Japan and the U.S."

The yen's weakness against the U.S. dollar also discouraged interest, deepening fears that recent continuous selling by foreign investors might accelerate, dealers added.

Matsushita Electric slipped Y32 to Y978, Hitachi Y36 to Y550, Toshiba Y28 to Y293, Nippon Steel Y5 to Y151, Mitsubishi Heavy Y11 to Y199, Fuji Photo Y50 to Y1,190, Canon Y21 to Y761, Toyota Motor Y13 to Y892, Sony Y70 to Y2,980 and TDK Electronic Y110 to Y3,150.

Pharmaceuticals declined on profit-taking and liquidation of margin buying positions after recent months of advances. High-technology issues, such as Optical Fibres, Robot Manufacturers and makers of new ceramic materials, also featured in the selling. Takeda Pharmaceutical shed Y41 to Y860.

Australia

A late wave of "bargain" buying by institutional investors caused selected stocks to rally after an extremely quiet morning session, although the overall market was little better than mixed.

Attracting a good deal of the support were some of the recently depressed Oil and Gas issues. Brokers said major local institutions are anxious to re-invest unused liquidity in securities. Oil and Gas shares have led the market's sharp fall this year.

The Australian All Ordinaries index regained 6.1 at 464.8, Oil and Gas 15.2 at 401.3, Metals and Minerals 4.0 at 329.7 and All Industrials 3.6 at 615.3.

BHP, which has substantial oil interests, posted a new three-year low of A$7.24 initially, before moving ahead to A$7.50, up 22 cents on balance. CSR advanced 15 cents to A$2.98.

In the Oil and Gas sector, Santos recouped 40 cents at A$4.25, Vamgas 36 cents at A$5.60, Bridge Oil 25 cents at A$2.90, Ampol Exploration 20 cents at A$2.25, Crusader Oil 20 cents at A$3.00, Alliance Oil 9 cents at A$1.05 and Claremont 12 cents at 82 cents.

However, Leonard Oil lost 11 cents to 23 cents and Hartogen Energy 15 cents to A$3.50.

Paris

Shares mostly improved in quiet trading on technical factors. The Indicateur de Tendance index rose 1.9 to 114.4.

News of a larger balance of payments deficit in the fourth quarter of 1981 and a rise in the Call Money Rate to 14¾ per cent from 14½ failed to restrain the market.

Germany

Bourse prices were mixed, although trading activity picked up somewhat after recent listless sessions.

Bank shares provided a firm sector, Deutsche Bank gaining DM 1 and Dresdner Bank DM 1.80 at DM 151.80.

Hong Kong

Bargain hunters, encouraged by the steadier afternoon performance on Wall Street overnight, bought Hong Kong stocks yesterday, lifting the market after Monday's retreat.

The Hang Seng index, which receded 35 points the previous day, recovered 23.20 to 1,186.13. Trading, however, remained light, turnover totalling HK$143.13m on the four exchanges, almost matching Monday's HK$144.57m.

Cheung Kong gained 40 cents to HK$15.60, HK Bank 20 cents to HK$14.70, HK Electric 12.5 cents to HK$5.00, Jardine Matheson 40 cents to HK$15.20 and Swire Pacific "A" 45 cents to HK$10.10.

Carrian Investment put on 22.5 cents to HK$3.70, Tai Cheung 10 cents to HK$2.16 and Stelux 20 cents to HK$3.30.

Johannesburg

Responding to the rally in the Bullion price, Gold shares recovered some ground in quiet dealings. Western Deep picked up R2.75 to R29.25, Kloof R1.50 to R28.50 and Buffelsfontein R2 to R35.50.

Gencor improved 50 cents to R19.50 in mixed Mining Financials.

NEW YORK

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

COMMODITIES AND AGRICULTURE

Zimbabwe tobacco demand up

By Tony Hawkins in Salisbury

ZIMBABWE'S tobacco auctions opened with good prices and industry sources predicted that the firm beginning to the sales was likely to be maintained. Mr Burl Palmer, the president of the Zimbabwe Tobacco Association which represents the 1,270 flue-cured tobacco growers, said there was strong bidding on the floors and prices were "slightly higher" than a year ago.

Prices for the top quality leaf reached 200 Zimbabwe cents a kg (U.S.270 cents a kilogram). The average price for the first day's sales was 153.48 Zimbabwe cents (U.S.206 cents)—up 12 per cent on the opening price a year ago.

Mr Palmer said it was too early to assess market conditions and it would take three or four days for a buying pattern to establish itself.

Farm incomes show nil growth

By Our Commodities Staff

REAL INCOMES of farmers in the eastern counties of England are on average no higher than they were in the mid-1950s, according to a study published by Cambridge University's agricultural economics unit.

The study, compiled by Mr M. C. Murphy, shows that the recent decline in money incomes coupled with high inflation has taken real earnings down to levels last seen in the early 1970s.

Compared with 1970/71 real incomes per hectare in 1980/81 for farms in the region engaging in cereals, mixed cropping, pigs and poultry, mixed farming and Fen arable all showed nil growth. Real earnings for dairying with arable farms fell 7.8 per cent.

While pointing out that the recession and high unemployment have depressed food demand, the author notes that some of the effects of this should be cushioned by the EEC's common agricultural policy.

"Nevertheless net farm incomes in real terms is now for the second year in succession demonstrating symptoms of decline because productivity gains in farming have not been able to counter the pincer effect of falling real prices and rising real costs," he says.

Report on Farming in the Eastern Counties of England 1980-81, price £4.

North-South rift in farm talks

BY LARRY KLINGER IN BRUSSELS

THE European Community's North-South problem has emerged as a major obstacle to any quick agreement by the EEC on fixing guaranteed farm prices for the fast-approaching new marketing year.

Not only has France directly linked obtaining a far-reaching reform of EEC rules governing Mediterranean produce with any agreement at this year's price fixing, but the new Greek Government has tabled a demand for special treatment for its farmers.

The demand by France, supported by Italy and Greece, that aid for producers of Mediterranean products be increased and extended to cover more products has already met with strong reservations from its Northern neighbours, especially from Britain.

Mr Peter Walker, the British Agriculture Minister, said at yesterday's EEC farm council meeting that sums representing the equivalent of "hundreds of millions" of dollars could be involved. The figures for olive oil alone could be of "enormous proportions," he said.

Britain, supported by other Northern member states, particularly objects to, and seems prepared to veto, the French suggestion that olive oil could be treated separately from other Mediterranean products, suspecting the proposal is primarily a further tactic to obtain EEC approval for curbs on competing vegetable oil imports.

Greece, on the other hand, has proposed a range of "special status" measures, leading to fears among other member states that its requests could be followed by similar ones from Italy and possibly affect negotiations with Spain and Portugal on their forthcoming accession to the EEC.

The Greek proposals, which provoked one Northern minister to comment that the Greeks "simply want more money for everything they grow, could grow or might want to grow," include upward revision of guaranteed prices to full EEC levels from the lower levels set in the transition arrangements when Greece joined the EEC.

At one point in yesterday's talks, Herr Josef Ertl, the outspoken West German Agriculture Minister, suggested that olive oil could become the "Mediterranean charity." Sig Giuseppe Bartolomei, the Italian Minister, later described the remark as an "insult" to Italy.

Italy, like Greece, is also arguing for special consideration for its farmers because of current inflation rates in the two countries which are running at about 17 and 24 per cent respectively.

In any case, Sig Bartolomei said, the support prices and subsidies for Northern products are consistently higher than those for Mediterranean produce.

Rally in copper market

By John Edwards, Commodities Editor

COPPER prices rallied on the London Metal Exchange yesterday following the rise in gold and a firmer trend in the U.S. Asarco announced two rises in its domestic selling price for copper in the U.S. taking it back up again to 74 cents a lb, after the cut to 72.50 cents announced on Monday.

The market was more interested, however, in rumours of a forthcoming announcement by Kennecott, the biggest U.S. copper producer. It is believed this might either involve a cut in output or changes in the company's pricing structure.

Union Miniere said yesterday it was closing its copper mine in Ontario because of low metal prices. In Quebec Noranda announced negotiations were continuing on the terms of new labour contracts to replace existing contracts expiring on March 22 at the giant Canadian Copper Refinery. It is understood that the union served notice of its intention to strike from January 20 but this may be because of the 60 days notice required of a strike under Quebec law. Meanwhile in Peru over 10,000 workers employed by the state-owned mining company, Centromin, have signed a new annual pay settlement.

Short tea supplies forecast

By P. C. Mahanti in Calcutta

MR B. K. GOSWAMI, chairman of the Indian Tea Board, has warned that because of a drought in some tea-producing countries, especially Sri Lanka, and rather indifferent weather conditions prevailing both in north and south India, Indian tea supplies to the world market may decline during 1982.

Mr Goswami expects prices to improve steadily during the year. Tea prices have firmed during recent Calcutta auctions. Tea output during 1981 is now estimated at 560m kilos compared with 575m kilos in 1980.

The decline was mainly due to climatic factors but the industry's inability to provide fertilisers in adequate quantities has also contributed to the production fall, according to the chairman of the Indian tea association, Mr V. P. Maithel.

Financial difficulties resulting from lower prices and the reluctance of commercial banks to provide adequate credit could well be a big constraint on production during the current year.

Sharp falls in cocoa

BY OUR COMMODITIES STAFF

REPORTS THAT the International Cocoa Organisation buffer stock had begun "rotating" its stocks by swapping prompt delivery physical cocoa for later delivery supplies led to sharp falls in nearby values on the London futures market yesterday. The May quotation fell the £40 permissible limit by mid-afternoon and edged still lower after the mandatory 15-minute break in trading. At the close it was quoted at £1,108.50 a tonne, down £43 on the day.

The buffer stock manager is reported to have swapped with a London trader 5,000 tonnes of Ivory Coast cocoa for an equal amount for May delivery. The price differential will ease the buffer stock finance problems a little while the prompt cocoa should relieve the tight nearby supply situation. The Ivorian cocoa may not be deliverable against the London futures contract itself but it should release a similar amount of qualifying cocoa for delivery.

Traders said the market remained cautious while awaiting the outcome of the ICCO meeting in London at which offers of loans from a group of Brazilian banks and a Saudi Arabian financial institution to extend the buffer stock fund are being considered.

INDONESIAN EXPORTS

Policy changes hit earnings

BY RICHARD COWPER IN JAKARTA

STRINGENT government export restrictions, together with poor prices caused Indonesia's commodity export earnings to fall over 40 per cent in real terms in 1981. Export volume fared little better with all main commodities well down on last year with the notable exception of non-oil minerals.

In nominal terms foreign exchange receipts fell from $5.4bn in 1980 to around $3.6bn in 1981—a decline of 34 per cent. But with inflation for the year estimated by the government at a conservative 7 per cent, the drop was over 40 per cent in real terms.

It was clearly a very depressing year for Indonesia, the world's second largest producer of rubber, tin, palm oil and tropical hardwood, but worldwide recession was only partly to blame. Indonesian government regulations designed to change *Indonesia's trading patterns* were an important cause of the decline.

According to preliminary figures obtained from the Bank of Indonesia, earnings from logs, palm oil and shrimps declined by over $1.1bn in 1981, accounting for over 60 per cent of the total decline in commodity export earnings of $1.8bn. In all these three sectors stringent government regulations rather than weak demand and poor prices were mainly responsible for the decline in both export volume and earnings.

The Bank of Indonesia figures showed exports of tropical logs—for nearly a decade the country's top commodity export—fell around 50 per cent from $1.9bn in 1980 to an estimated $933m in 1981.

This was largely due to an estimated 44 per cent drop in export volume from 14m cubic metres in 1980 to around 6.2m cubic metres in 1981 caused by a series of government regulations aimed at ultimately stopping log exports altogether and turning Indonesia into the world's largest exporter of plywood. This was the lowest level of Indonesian log exports since 1970.

In spite of cries of protest from timber concessionaires—over 100 of whom have gone bankrupt over the past two years—and considerable anxiety from log importers in Japan, Taiwan and South Korea, the Indonesian government has shown no signs of relaxing the restrictions. Some thought that the prospect of continuing balance of payments deficits of over $1bn a year would help persuade the government to allow an increase in log exports, but to no avail.

This year the government plans to reduce exports by a further 35 per cent to 4m cubic metres and aims to eliminate them altogether by 1985. From being the world's largest exporter of tropical hardwood logs for much of the 1970s Indonesia is now falling rapidly behind East Malaysia, which last year exported around 14m cubic metres.

Continuing government intervention together with growing domestic demand for cooking oils also forced a big drop in palm oil and palm kernel exports last year. Preliminary figures from the Bank of Indonesia show palm oil and kernel export earnings fell an astonishing 65 per cent in value from $224m in 1980 to an estimated $78m in 1981. The government's policy of substituting palm oil for coconut oil in cooking saw export volume decline from around 434,000 tonnes in 1980 to an estimated 150,000 tonnes in 1981, according to the bank. It was the lowest level of palm oil exports for more than a decade.

Export earnings for rubber—Indonesia's second largest commodity export—fell an estimated 20 per cent from $1.1bn in 1980 to an estimated $880m in 1981. Export volume was down less than 10 per cent on last year's total of 977,000 tonnes, according to the Bank of Indonesia, and the fall was equally due to the decline in rubber prices over the year. The average monthly price for RSS—No. 2 in New York, for example, was around 60 cents per pound in 1980, but fell 26 per cent to around 51 cents per pound in 1981. A number of rubber experts are puzzled at the way export volume held up during the year following *reports in the autumn that* many smallholders were cutting production by 50 per cent. Indonesia did however maintain its position as the world's second largest producer and exporter of natural rubber next to its South East Asia neighbour Malaysia.

Coffee—until recently one of the bright spots on the Indonesian commodity scene—had its worst season for four years, partly because of a savage cut in Indonesia's export quotas by the International Coffee Organisation. According to the Bank *of Indonesia, coffee export earnings* fell by over 40 per cent from $655m in 1980 to an estimated $372m in 1981. The bank estimates that export volume was *down around* 13 per cent to an estimated 210,000 tonnes in 1981.

The worst is yet to come, however. Coffee experts say that coffee stocks are likely to reach around 160,000 tonnes by the end of the 1982-83 season—equivalent to over 50 per cent of Indonesia's annual production and coffee growers are now beginning to talk of switching to other crops. Indonesia last year maintained its position as the world's largest exporter of robusta and the world's fourth *largest exporter and producer* of coffee.

As with last year the only sector which did reasonably well was minerals, and even here there was a decline in export earnings of around 9 per cent from $780m in 1980 to an estimated $715m in 1981.

Tin, which had what could be called a boom second half thanks to the intervention on the world market of a mystery buyer, still fell 8 per cent in value from $461m to an estimated $426m, with volume marginally up on last year's 31m tonnes. Indonesia moved up into second place behind Malaysia, the world's largest tin exporter.

UK to aid banana growers

BY HUGH O'SHAUGHNESSY

BRITAIN is sending an emergency package of fertilisers and fungicides worth £¼m to Dominica, St Lucia and St Vincent, and the Grenadines, whose governments fear the imminent collapse of their banana industries. The industry, set up after World War II at the instance of the British government, has been recently hard hit by droughts and other natural disasters and by the lack of foreign exchange for imports of essential agricultural items.

The British decision was made last week after the visit to London of Miss Eugenia Charles, Prime Minister of Dominica, and Mr Vincent Beache, trade and agriculture minister of St Vincent and the Grenadines. They represented the governments of St Lucia and Grenada as well as their own.

The British government, adhering to its policy of putting financial pressure on the left wing government in Grenada, is not including that island in the present emergency package.

In the past the four islands have supplied more than 40 per cent of British banana *imports. The banana industry is* crucial to the economy of the islands where it earns 80 per cent of all revenues from agricultural exports.

Britain will be studying a report on the industry, expected to be presented to the Overseas Development Administration in London shortly, before deciding whether to pledge more aid.

Meanwhile the leaders of various island governments are expected to see President Reagan when he visits Barbados at Easter. They will attempt to persuade him that their economies should have greater access to the $350m aid package for the Caribbean and Central America which he announced last month.

Russia to buy Philippines coconut oil

By Emilia Tagaza in Manila

THE SOVIET UNION is buying 29,000 tonnes of coconut oil from the Philippines for delivery in June and September, the Philippine Coconut Authority (PCA), Mr Rolando de la Cuesta, PCA chairman, said that the sales contract calls for the delivery of 20,000 tonnes in June at $495 per tonne or 22.45 cents a pound. The remaining 9,000 tonnes, quoted at $510 per tonne, will be shipped in September.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER MOVED AHEAD on the London Metal Exchange boosted by rumours of an impending announcement from a leading U.S. producer, regarding its pricing structure: three months Copper touched £867 before closing at £865. Tin, three months, dipped to £7,360 on hedge selling but rallied on influential buying to close at £7,400. General selling depressed Zinc to £456 while Lead closed at £357. Aluminium at £600.75 and Nickel at £3,207.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrde				
Cash	834.5-5	+9.5	835-.5	+6.75
3 mths	861.5-2	+8.25	863-.5	+7
Settlem't	835	+9.5	—	......
Cathodes				
Cash	831-3	+9.5	833-4	+7
3 months	859-60	+10.2	859-60	+7
Settlem't	833	+10	—	......
U.S. Prod.	—	—	*72.5-77	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £835.00, three months £864.00, 63.50, 63.00, 62.00, 63.00, 62.50, 62.00. Cathodes, three months £860.00. Kerb: Higher Grade: Three months £862.00. Afternoon: Higher Grade: three months £863.00, 63.50, 64.00, 63.50, 63.00, 64.00, 63.50. Kerb: Higher Grade: three months £863.00, 63.50, 64.00, 65.00, 66.00. Turnover: 16,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	352.5-3.5	+4.5	351-2	+2
3 months	355.5-6	+5	356-.5	+3.75
Settlem't	353.5	+4.5	—	......
U.S. Spot	—	......	*27-32	......

Lead—Morning: Cash £352.00, 54.00, 53.00, three months £365.00, 54.00, 55.00, 35.50, 56.00. Kerb: Three months £356.00, 55.50. Afternoon: Cash £353.00, 52.00, three months £355.00, 56.00. Kerb: Three months £356.00, 57.00, 57.50. Turnover: 13,825 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7175-85	-25	7210-20	-50
3 months	7365-70	+32.5	7370-5	-25
Settlem't	7185	-25	—	......
Standard				
Cash	7175-85	-25	7210-20	-50
3 months	7365	-70	7570-5	-25
Settlem't	7185	-25	—	......
Straits E.	$30.37	+0.02	—	......
NewYork	—	......	—	

Tin—Morning: Standard, cash £7,180, three months £7,420, 10, 7,400, 7,390, 85, 80, 60, 65, 70. Kerb: Standard: Three months £7,360, 50, 55. Afternoon: *Standard: Cash £7,225, 10, three months* £7,350, 53, 60, 70, 80, 85, 80, 70. Kerb: Standard: three months £7,370, 80, 90, 7,400. Turnover: 2,215 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	576.5-7.5	+5.25	578-.5	+5.75
3 months	599-.5	+3.5	600-.5	+4

Aluminium—*Morning:* Three months £601.00, 600.00, 599.00, 98.00, 99.50. Kerb: Three months £599.50, 99.00. Afternoon: Three months £600.00. Kerb: Three months £600.50, 600.00, 600.50. Turnover: 8,625 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	451-3	-2.75	448-9	-6
3 months	455-6	-1.75	453-4	-5
S'ment	453	-2	—	......
Primw'ts	—	......	*40-41.75	......

Zinc—Morning: Three months £459.00, 58.00, 57.00, 56.00. Kerb: Three months £456.50. Kerb: Three months £356.00, 57.00, 57.50. Afternoon: Cash £450.00, *three months* £456.00, 53.00. Kerb: Three months £452.00, 53.00, 53.50, 54.00, 55.00. Turnover: 12,925 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3195-200	+18.5	3190-200	+37.5
3 months	3206-7	+19	3205-10	+46.5

Nickel—Morning: Cash £3,200; three months £3,220, 10, 05. Kerb: Three *months £3,210, 05. Afternoon: Three* months £3,210, 05, 3,200. Kerb: Three months £3,210, 15. Turnover: 630 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 10p an ounce higher for spot delivery in the London bullion market yesterday at 395.6p. U.S. cent equivalents of the fixing levels were: spot 715c, up 19c; three-month 740.6c, up 20.1c; six-month 765.7c, up 21.6c; and 12-month 818.7c, up 21.3c. The metal opened at 393-397p (713-718c) and closed at 397-401p (718-723c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	395.60p	+18.0	399p	+12.3
3 months	407.85p	+18.4	411.75p	+7.4
6 months	419.70p	+18.6	—	
12 months	445.95p	+19.8	—	

LME—Turnover 70 (100) lots of 10,000 ozs. Morning: Cash 396.0; three months 409.0, 08.5, 08.0, 08.5, 08.1. Kerb: Three months 408.5. Afternoon: Three months 410.5, 11.0, 10.9, 11.0, 11.5, 11.7, 12.0. Kerb: Three months 412.0, 13.0, 4.0.

COCOA

Futures initially eased on modest sales from French shippers, but prices later moved limit down as commission houses sold following reports that the buffer stock manager had rotated 5,000 tonnes of spot cocoa. Consumer interest, however, was scarce in spite of the lower levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1185-87	-43.5	1186-36
May	1108-09	-45.0	1155-98
July	1131-32	-38.0	1170-30
Sept	1150-51	-33.0	1185-50
Dec	1172-75	-29.0	1201-70
March	1189-90	-33.0	1225-89
May	1200-10	-31.5	1237-28

Sales: 5,543 (1,507) lots of 10 tonnes.

ICCO—Daily price fob March 15: 92.59 (93.02). Indicator price for March 16: 93.40 (93.70).

COFFEE

A lower opening reflected further new selling pressure on a tired robusta market, reports Drexel Burnham Lambert. Keen buying from one source kept prices relatively steady near the lows, although renewed selling on the close contributed to a weaker finish.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1470-75	+10	1484-45
May	1278-79	-25	1296-76
July	1203-05	-19	1218-01
Sept	1171-72	-19.5	1295-72
Nov	1147-55	-37	1186-55
January	1145-48	-38.5	1175-48
March	1130-40	-45	1163-52

Sales: 5,723 (4,079) lots of 5 tonnes.

ICO Indicator prices for March 15: (U.S. cents per pound): Comp. daily 1979 132.63 (134.31): 15-day average 134.67 (134.79).

COTTON

LIVERPOOL — Spot and shipments sales amounted to 190 tonnes. More interest was displayed in certain qualities, particularly those grown in various African countries and in South America. Operations in Middle Eastern styles were far from inconsiderable.

GAS OIL FUTURES

Prices strengthened during the morning on a steadier physical market, but later eased off on news of better supply and a weaker New York market, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	264.50	+0.50	268.00-64.00
April	247.50	-3.50	252.75-47.25
May	236.00	-2.50	240.00-35.00
June	233.00	-3.50	237.50-33.00
July	235.50	-3.50	239.50-35.00
August	239.25	-4.25	244.00-39.00
Sept	244.00	-5.00	244.50-44.00
Oct	248.00	-2.50	249.00-48.00
Nov.	251.00	-4.00	—

Sales: 3,235 (2,817) lots of 100 tonnes.

GRAINS

The market opened unchanged and both wheat and barley traded easier. Heavy hedge selling ensued with May receiving most attention. New crops reacted in sympathy. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar.	113.10	-0.30	107.55	-0.20
May	116.10	-0.40	110.55	-0.50
July	119.40	-0.05	—	—
Sept.	106.65	-0.05	102.30	-0.15
Nov.	110.15	-0.05	106.10	-0.10
Jan.	113.95	-0.05	109.85	-0.10

Business done—Wheat: March 113.25-113.10, May 116.40-116.10, July 120.00-119.40, Sept 106.70 only, Nov 110.20-110.15, Jan 114.00-113.95. Sales: 134 lots of 100 tonnes. Barley: March 107.75-107.55, May 110.85-110.50, Sept 102.45-102.35, Nov 106.20-106.10, Jan 110.00-109.90. Sales: 75 lots of 100 tonnes.

LONDON GRAINS—U.S. Dark Northern Spring No. 1, 14 per cent: April 118.75, May 111.75, June 111.50 transhipment: East Coast. English Feed, fob: May 120.00 paid South Coast. Maize: South African White/Yellow: April/May 79. Barley: English Feed, fob: Aug 104.50 paid South Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 107.00, S. West 108.00, W. Mids 106.10, N. West 109.30. The UK Monetary Coefficient for the week beginning Monday March 22 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded an April fob price for No. 1 RSS in Kuala Lumpur of 204.0 (204.5) cents a kg and SMR 20 181.0 (181.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	50.20-51.00	50.10-50.90	—
May	51.70-52.00	51.40-51.60	—
Apl-Jne	51.50-51.70	51.40-51.60	51.50-51.40
Jly-Sept	55.10-55.20	55.40-55.50	55.50-55.10
Oct-Dec	58.90-56.90	58.70-56.90	57.10-56.60
Jan-Mar	58.80-58.90	56.60-58.70	58.10-58.60
Apl-Jne	61.40-61.50	60.30-61.00	61.50
Jly-Sept	63.20-63.30	62.80-63.00	63.30-63.20
Oct-Dec	65.10-65.20	64.00-65.00	65.20-65.10

Sales: 197 (383) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.50p (same); April 51.25p (51.50p); May 51.25p (51.50p).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 393, 403, nil; May 405, 410, 407; Aug 425, 427, 425; Oct 426, 428, 425-426; Dec 426, 428, 425; Jan 426, 428, 426; March 436, 438, 436-435; May 442, 445, 444; Aug 452, 454, 455-453. Sales: 30.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 528.0, 529.5, 529.0-525.0; May 527.5, 528.0, 527.5-524.0; July 530.5, 531.0, 530.0-528.5; *Oct 521.0, 522.5, 522.5-521.0; Dec 526.0,* 527.0, 525.5-23.5; March 534.0, 535.0, 535.0-533.0; May 539.0, 540.0, 539.0-536.5; July 543.5, 544.0, 544.0-541.0. Sales: 296.

SOYABEAN MEAL

The market opened with gains of £1.00-£1.50 on renewed commission house buying, reports T. G. Roddick. Profit-taking developed at higher levels but commercial buying kept prices *steady.*

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	130.80-31.2	+1.90	131.00-30.70
June	129.00-29.4	+1.60	129.30-29.00
August	129.50-29.7	+1.85	129.70-29.00
October	130.40-30.5	+1.60	130.50-29.50
Dec	134.10-34.3	+1.45	133.50-33.00
Feb	132.50-37.0	+1.50	—
April	133.00-40.0	+1.75	—

Sales: 196 (57) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £148.00 (£145.00) a tonne cif March-April-May shipment. White sugar daily *price £163.00 (£160.00).*

The market opened £1.00 higher but eased later. The lows were short-lived and most of the losses were recovered by the close, reports C. Czarnikow.

No.4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
May	154.15-54.20	151.50-51.60	155.51-51.50
Aug	158.25-58.55	155.30-56.90	159.50-55.75
Oct	165.80-65.45	159.75-59.80	165.50-58.75
Jan	165.25-64.50	161.00-62.50	—
March	169.75-70.25	166.75-66.95	170.25-67.00
May	172.75-73.25	169.25-70.25	174.75
Aug	174.00-77.00	172.75-74.50	—

Sales: 3,833 (4,124) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £256.50 (£253.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 15: Daily price 10.86 (10.99): 15-day average 11.80 (11.94).

POTATOES

LONDON POTATO FUTURES—After initially falling to the low, April found *new buying support.* Nov and Feb found continued support, although on relatively small turnover, reports Colley and Harper. Closing prices: Apr 137.90, +0.10 (high 138.50, low 135.00); Nov 69.00, +0.50 (high 69.00, low 68.50); Feb 79.90, +0.60 (high 79.50, low 79.30). Turnover: 791 (1,070) lots of 40 tonnes.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£6.70, codlings £3.50-£4.50. Large haddock £4.80, medium £4.80-£5.20, small £3.20-£4.00. Best small plaice £3.50-£4.70. Lemon soles, large, £15.50; medium, £13.50. Rockfish £3.50. Saithe £3.50.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch Killed Sides 84.5 to 88.0; Ulster hindquarters 96.5 to 99.0, forequarters 64.0-69.5. Veal: Dutch hinds and ends 121.0 to 128.0. Lamb—English small 84.5 to 91.0, medium 84.0 to 90.0, heavy 80.0 to 84.0; Scotch heavy 80.0 to 84.0. Imported: New Zealand PL 66.0 to 67.0, PM 65.5-67.0, YLs 64.5-66.0. Pork: English, under 100 lbs 45.5 to 56.0, 100-120 lb 44.5 to 55.5, 120-160 lb 43.0 to 52.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 101.40p per kg lw (−1.02). UK—Sheep 213.75p per kg est dcw (+4.56). GB—Pigs 78.90p per kg lw (+0.57).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges — Spania: Navels 43/120 4.60-5.50; Cypriot: Valencia Lates 4.00; Jaffa: Shamouti 60/108 4.99-5.60; *Moroccan: Navels 48/113 3.60-5.00.* Mandarins—Cypriot: 52/72 5.00-7.00. Mandarins—Spania: 4.00-4.80, Karas 4.40-5.00. Lemons—Cypriot: 2.50-3.00; Spania: 40/50 1.60-2.00; Italian: 80/120 4.00-5.00; Jaffa: 105 4.90; U.S.: 6.00. Grapefruit—U.S.: Texas Ruby 6.50-7.00, Florida Ruby 8.00-8.50; Cypriot: Large cartons 2.20-4.00, small cartons 2.50-3.20; Jaffa: 36/88 3.50-4.90; Moroccan: 40/64 2.00-2.50. Ortaniques—Jamaican: 64/126 8.50-9.00. Apples—French: New crop: Golden Delicious 20 lb 3.00-3.80, 40 lb 6.00-8.00, Stark Crimson 40 lb 7.00-9.50, 20 lb 3.40-4.80, Granny Smith 9.00-10.50; Canadian: Red Delicious 8.50-12.00; U.S.: Red Delicious 10.00-14.00; S. African: Dunns 11.00-11.50. Pears—*Dutch: Comice 14 lb, per tray 4.00;* S. African: Williams' Bon Chretien 5.90-7.00, Buerre Hardy 5.50-6.50; Italian: per pound Passacrassana 0.14-0.16. Nectarines — Chilean: 8.50-9.00; S. African: 4.20-5.00. Plums—S. African: per pound Songold 0.30-0.50, Golden King 0.35-0.50. Grapes — Chilean:

English Produce: Potatoes—Per 56 lb, White 3.00-3.50, Red 3.30-4.00, King Edwards 3.40-4.20. Mushrooms—Per lb, open 0.50-0.60, closed 0.60-0.80. Apples—Per lb, Bramley 0.20-0.30, Cox's 0.25-0.40. Pears—Per lb Conference 0.14-0.22. Cabbages—Per 30 lb bag, Celtic/Jan King 2.00-3.50. Lettuce—Per 12, round 1.50-2.00. Onions—Per 55 lb 40/80 mm 2.00-3.00. Carrots—Per 26/28 lb 1.00-2.00. Beetroots—Per 28 lb, round 1.00-1.20, long 1.40-1.50. Swedes—Per net 0.90-1.00. Sprouts—Per 20 lb 1.50-2.50. Rhubarb—Indoor, per lb, 14-lb box 0.16-0.18, outdoor 0.12-0.14. Leeks—Per 10 lb 1.20-1.50. Parsnips—Per 26/28 lb 1.00-1.40. Turnips—Per 26/28 lb 1.00-1.40. Cucumbers—Per package 3.00-6.00. Calabrese—Per 9 lb 3.50. Greens—Per 33 lb Cornish 8.00-9.00. Kent 30 lb 4.00-4.50. Cauliflowers—Per 16/24, Cornish 5.00-6.00, Kent 3.50-4.00. Tomatoes—Per lb D/E 0.40-0.45.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 16 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1055/1065	......	$1065/075
Copper			
Cash h grade	£835.25	+6.75	£866.25
3 mths	£863.25	+7	£893.25
Cash Cathode	£833.5	+7	£863
3 mths	£859.5	+7	£889.5
Gold troy oz	$323	+9.5	$375.5
Lead Cash	£351.5	+2	£333.75
3 mths	£356.25	+3.75	£344.25
Nickel	£3924		£5771.7
Free mkt	265/293c	-2	265/95c
Platin'mtr oz'y	£260	......	£260
Freemkt	£172.40	+5.9	£199.50
Quicksilvert	$390/400	......	$395/405
Silver troy oz	395.60p	+10	467.45p
3 mths	407.55p	+10.45	483.15p
Tin Cash	£7215	-50	£8960
3 mths	£7372.5	-25	£7907.5
Tungsten22.0lb	$130.00	......	$135.54
Wolfrm22.40lbs	$114/117	-1	$125/129
Zinc Cash	£448.5	-6	£447
3 mths	£453.5	-5	£453.5
Producers	$900	......	$875/868
Oils			
Coconut (Phil)	$477.5z	+2.5	$532.5
Groundnut	$635	......	$672.5
Linseed Crude	‡		‡
Palm Malayan	$502.5v	......	$550
Seeds			
Copra Ph lip	$330z	+5	$350
Soyabean (U.S.)	$260v	+4	$257
Grains			
Barley Fut. May	£110.55	-0.3	£110.15
Maize	‡	......	£133.50
Wheat Fut. May	£116.10	-0.4	£114.65
No.2 Hard Wint	‡	......	£116.50
Other commodities			
Cocoa ship't*	£1134	-43	£1202
Future May	£1108.5	-45	£1166.5
Coffee Ft' May	£1278.5	-25	£1538.6
Cotton A.Index	70.35c	-0.05	69.90c
Gas Oil Apr.	$247.7	-3.5	$273
Rubber (kilo)	49.5p	......	46.25p
Sugar (Raw)	£148z	+5	£175
Woolt'ps 64s kl.	585p kilo	......	587pkilo

‡ Unquoted. v April. z March-April. x May. y April-May. u May-June. † Per 76 lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, March 16.

COPPER WAS mostly steady to lower on active commission house buying based on anticipation of mine production cuts. Cocoa collapsed on heavy selling prompted by reported swaps of near-term holdings by the buffer stock manager. Heating oil was moderately lower as the trade had little confidence in the stability of crude oil prices. Cotton sold off as moisture supplies improved in the U.S. growing areas. Soyabeans declined as Brazilian growing areas received additional moisture, reported Heinold.

Copper—March 67.45 (67.60), April 67.90 (68.05), May 68.30-68.95, July 70.50-70.70, Sept 72.30, Dec 74.80-74.90, Jan 75.55, March 77.05, May 78.70, July 80.30, Sept 81.90, Dec 84.30, Jan 85.00.

*Gold—March 312.8 (324.2), April 314.0-315.0 (326.2), May 319.0, June 320.5-322.0, Aug 327.0, Oct 338.1, Dec 343.6, Feb 351.5, April 359.6, June 287.9, Aug 376.2, Oct 384.7, Dec 393.2.

*Platinum—April 302.0-303.5 (313.8), July 309.0-310.0 (320.3), Oct 315.5, Jan 326.0, April 326.5.

Potatoes (round whites)—April 78.8 (80.2), Nov 77.0 (75.8), March 88.0.

¶Silver—March 704.0 (730.0), April 707.5 (734.0), May 715.0-717.0, July 722.0-725.0, Sept 753.0, Dec 778.0, Jan 786.5, March 802.5, May 820.5, July 837.5, Sept 854.5, Dec 880.0, Jan 895.5. Handy and Harman bullion spot: 72%.00 (697.00).

Tin—608.00-610.00 (610.00-612.00).

CHICAGO, March 16.

Lard—Chicago loose 19.25 (19.50).

Live Cattle—April 66.55-66.60 (66.92), June 64.45-64.35 (64.35), Aug 62.05-62.10, Oct 60.10-60.20, Dec 60.55-60.45, Feb 60.20, April 60.55.

Live Hogs—April 50.10-50.00 (50.05), June 53.25-53.50 (53.65), July 54.00-54.10, Aug 53.15-53.12, Oct 50.25-50.22, Dec 51.00-50.90, Feb 50.25, June 49.00.

‡‡Maize—March 257½ (same), May 267-267½ (267½), July 275¼-275¾, Sept 278¾-278½, Dec 283¼-283, March 296½.

Pork Bellies — March 71.25-71.60 (72.57), May 71.50-71.65 (72.82), July 71.50-71.35, Aug 69.55-69.50, Feb 69.00-68.80, March 70.40, May 71.60, July 72.00.

†Soyabeans—March 606½ (616), May 619-617½ (627½), July 628½-628, Aug 632-632½, Sept 632½, Nov 636½-637, Jan 650, March 664, May 677.

‖Soyabean Meal—March 180.5 (182.0), May 182.0-182.3 (183.9), July 185.0-185.2, Aug 186.5, Sept 187.0-187.5, Oct 187.5-188.0, Dec 190.0, Jan 191.0-191.5.

Soyabean Oil—March 18.06 (18.33), May 18.47-18.46 (18.77), July 18.95-18.97, Aug 19.15-19.17, Sept 19.38-19.40, Oct 19.55, Dec 19.85, Jan 20.00, March 20.47-20.55.

†Wheat—March 345 (342¾), May 353-353¾ (352¾), July 363¾-363½, Sept 376¾-377, Dec 394¼-394½, March 408½.

WINNIPEG, March 16.

§Barley—March 119.70 bid (119.20), May 123.20 (122.20), July 126.00, Oct 127.70, Dec 129.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 221.34 (222.14).

All cents per pound ex-warehouse *unless otherwise stated.* * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—Mar 1944 (1945), May 1928 (1945), July 1968, Sept 2010, Dec 2045, Mar 2075. Sales: 1,678.

Coffee—"C" Contract: Mar 153.55-153.99 (156.59), May 139.83 (143.83), July 121.20-131.50, Sept 127.75-128.00, Dec 123.53-124.00, Mar 122.00-122.01, May 118.00-122.00, July 117.00-122.00. Sales: 3,530.

Cotton—No. 2: May 65.53-65.65 (64.95), *July* 67.55-67.59 (66.72), Oct 70.10, Dec 70.90-71.10, Mar 72.90, May 74.40-74.50, July 75.40-75.50. Sales: 7,700.

Orange Juice—Mar 119.25-119.60 (119.00), May 123.00-123.10 (121.85), *July 126.10, Sept 128.30-128.60,* Nov 130.10-130.50, Jan 132.30, Mar 133.90-134.20, May 135.50-135.70, July 136.70-137.20. Sales: 700.

CHICAGO, March 15.

Chicago Imm Gold—Mar 324.4 (319.1), June 333.5-332.5 (326.8), Sept 345.3, *Dec* 355.7, *Mar* 367.5, June 379.6, Sept 392.0.

EUROPEAN MARKETS

ROTTERDAM, March 16.

Wheat — *(U.S. $ per tonne):* U.S. No. 2 Dark Hard Winter, 13.5 per cent: March 20/April 15 200c. U.S. No. 2 Red Winter: March/April 5 169.50, April 167.50. U.S. No. 3 Amber Durum: April/May 182, June 182, July 193. U.S. No. 2 Northern Spring, 14 per *cent: April/May 17 185, May 193, June* 193, July 182.50. Canadian Western Red Spring: April/May up to Sept 202.

Maize—(U.S. $ per tonne): U.S. No. 3, Yellow: Spot 134, March 132.50, April 129.50, May 129.25, June 128.50, July/Sept 129, Oct/Dec 120, Jan/March 128 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: April 258, May 256, June 255.50, July 256.50, Aug 257, Sept 258, Oct 252.50, Nov 253.50, Dec 257.25 sellers. Argentine June/July 252 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein unloading 233 traded, afloat 224 to 228 (depending on position), March 226, April 225.50, April/Sept 225.50, Nov/March 237 sellers. Brazil Pellets afloat 237, March 235, April 225, May 234, April/Sept 235 sellers.

PARIS, March 16

Cocoa—(FFr per 100 kilos): March 1196-1230, May 1225-1228, July 1250-1275, Sept 1280-1304, Dec 1315-1330, March 1335-1355, May 1350-1365. Sales at call: 2.

Sugar—(FFr per tonne): May 1803-1805, July 1807-1822, Aug 1854-1860, Oct 1825-1840, Nov 1825-1840, Dec 1825-1840, March 1920-1930, May 1950-1970. Sales at call: nil.

INDICES

FINANCIAL TIMES

Mar. 16	Mar. 12	Month ago	Year ago
245.28	244.23	249.09	258.01

(Base: July 1, 1952=100).

MOODY'S

Mar. 16	Mar. 12	Month ago	Year ago
986.7	984.9	1009.2	1131.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 15	Mar. 12	Month ago	Year ago
Spot	123.18	122.27	128.91	—
Fut'rs	128.49	127.65	135.89	—

(Average 1924-25-26=100)

REUTERS

Mar. 16	Mar. 15	M'nth ago	Year ago
1588.6	1580.5	1621.9	1704.6

(Base: September 18, 1931=100)

Gilt-edged turn easier on lack of fresh demand
Drab day in equities and index eases 3.4 to 562.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5
Mar 29	Apr 15	Apr 16	Apr 26

* "New time" dealings may take place from 9.30 am two business days earlier.

Another slow trading session in London equity markets saw leading shares again drifting lower yesterday. British Funds also turned easier in a volume of business much reduced from levels prevailing since last Tuesday's budget.

Investment confidence in the equity sectors was lacking against a backdrop of worries about the U.S. economic situation and the fall in UK manufacturing output to its lowest since 1967. The previous day's liquidation of selected leading shares on behalf of an investment trust was thought to have resulted in some lines of stock still overhanging the market, contributing to the dull trend.

Initial falls in the equity leaders were usually fairly modest, a reaction of 3.4 in the FT 30-share index at the 10.00 am calculation partly reflecting a loss of 16 in Hawker. A subsequent rally in Hawker with occasional support for others at the lower levels reduced the index loss to 1.7 at noon, but lack of sustained support saw quotations drift back to leave the index 3.4 down on balance at 562.4.

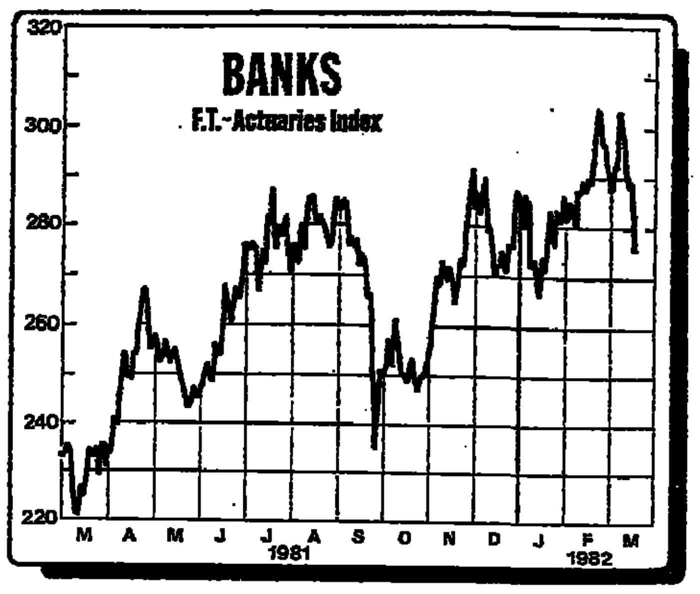
Despite the paucity of business, equity features were fairly numerous. Huntley and Palmer and A. Holden weakened markedly on the referral of the respective bids to the Monopolies Commission. Among the sectors, secondary Oils were enlivened by Tricentrol's counter-bid for CCP North Sea, but Banks remained weak, sentiment still unsettled by the Chancellor's tax threat.

Gilt-edged securities ran out of steam after the recent show of strength. Profit-taking in the index-linked stocks left quotations with falls ranging to a point. Mediums and longs went easier, mainly on a lack of fresh support, but early losses ranging to around ½ were reduced to ¼ by the close. Short-dated issues finished similarly lower and the Government securities index shed 0.14 to 68.33.

Guinness Peat better

Buying on recovery hopes in the wake of the expected poor interim results helped recently depressed Guinness Peat to rally 10 to 68p, after 70p. Elsewhere, the threat of increased taxation continued to overshadow the major clearing banks. Barclays, 450p, Lloyds, 440p, and NatWest, 430p, all fell 15 more but Midland, which concludes the dividend season on Friday, finished only 4 cheaper at 326p. Insurances displayed no set trend after a moderate business. Royals hardened a couple of pence to 365p, but Eagle Star dipped 6 to 374p. Awaiting the results, Britannic firmed 4 afresh to 284p.

Leading Breweries drifted lower for want of attention. Arthur Guinness, which announced the sale of its Callard and Bowser Nuttall confectionery subsidiary on Monday, eased 3 to 79p, while similar falls were marked against Whitbread, 98p, and Bass, 221p. Grand Metropolitan eased 5 to 203p, sentiment not being helped by talk of a line of shares overhanging the market. Distillers were again featured by Amalgamated Distilled Products, 4 dearer for a two-day spurt of 10 to 80p.



Particularly firm of late on the £170m budget boost, Buildings turned easier as buyers adopted a more cautious approach. The majority of leading issues displayed modest falls, but Barratt Developments were noteworthy for a fall of 11 to 265p, after 264p, following comment on the interim results. Timbers, good on Monday on favourable Press comment, also lost ground, International losing 5 to 54p, Magnet and Southerns 4 to 160p and Montague L. Meyer 3 to 71p. Elsewhere, Johnstone's Paints shed 2 to 93p following the preliminary results, but renewed demand in a thin market lifted Nottingham Brick 8 to 133p. A Press mention prompted a gain of 5 to a 1981-82 peak of 113p in Wiggins Group, while demand in a thin market lifted Exeter Building 25 to 190p.

Business in leading Chemicals remained at a low ebb and lack of support clipped 6 from ICI, 328p, and 5 from Fisons, 287p.

Pittard profits

Leading Stores remained quiet and displayed no set trend. Gussies "A" finished at the day's best of 508p, up 3, while Woolworths, a dull market since last week's disappointing full-year results, rallied a couple of pence to 50½p. House of Fraser shed 2 to 166p, after 164p.

Shoes were generally firmer, where altered. The subject of a successful dawn raid last week, David Scott rose 2½ more to 27p on the disclosure that C. W. Bament now holds a near-16 per cent stake in the company. Pittard rose 3 to 60p following the return to profits, maintained dividend and the company's confident remarks on the trading outlook.

Racal stood out among the Electrical leaders, rising 10 to 370p following the announcement that the company has developed a new anti-fraud device. Elsewhere, Security Centres found support at 148p, up 10, while United Scientific gained 7 to 332p and Amstrad added 5 further to 245p. Memec gained 6 to 250p on further consideration of the results but Standard Telephones and Cables, 525p, gave up 5 of the recent good rise which followed the results.

Hawker Siddeley took a further turn for the worse yesterday, falling to 298p on nervous selling following Monday's announcement of its Canadian subsidiary's poor results before rallying to close at 306p, still 10 down on the day after the Board's reassuring statement concerning the group consolidated profits. Elsewhere, news of the dividend reduction and £0.8m deficit unsettled recently firm Bronx, which retreated to finish 4 easier at 15p. IMI softened a penny to 60p following the preliminary results, but Ductile Steels rose 4 to 122p on the resumption of an interim dividend and the sharp first-half profits recovery. Brasway put on 5 to 74p, after 77p, and Whessoe gained 7 to 87p.

Special situations dominated proceedings in the Food sector. The Monopolies Commission reference and automatic lapsing of Rowntree Mackintosh's bid for the company left Huntley and Palmer 21 down at 84p, after 83p; Rowntree finished 2 dearer on balance at 170p, after 174p. British Sugar lost 20 to 420p following the company's representations to the European Commission to shake off S. and W. Berisford, its unwelcome 40 per cent shareholder, while Brooke Bond shed 3 to 54p, after 53p, on disappointment with the interim results. Recent high-flyer Albert Fisher shed 3 to 47p, but a squeeze on bear positions lifted Linfood 4 to 197p.

Press comment sparked interest in Ladbroke, which jumped 11 to 166p with the Warrants 9 up at 115p: the preliminary results are due early next month.

A. Holden fall

Arthur Holden became a weak counter in miscellaneous industrials, falling 23 to 158p on the surprise announcement that ICI's bid is being referred to the Monopolies Commission and has consequently lapsed. Down 20 the previous day on a broker's downgraded profits forecast, De La Rue relinquished 5 more to 860p following adverse comment. J. Bibby, on the other hand, rose 10 to 340p on the proposed 50 per cent scrip-issue which accompanied the good annual figures. Wolseley-Hughes gained 4 to 374p in response to the results and Copydex jumped 11 to 52p on speculative buying fuelled by takeover suggestions. Speculative support also helped Howard Tenens, up 4 to 62p. With the exception of BOC, which hardened a penny to 164p, the leaders drifted lower on lack of support. Bowater relinquished 3 at 258p and Turner and Newall softened a couple of pence to 94p; the latter's preliminary results are due today. Rank Organisation gave up 3 to 195p and Pilkington dipped 5 to 273p.

Sangers closed 2 cheaper at 46p: the price in yesterday's issue was incorrect.

Publishers were featured by Pearson Longman, which were briskly traded and closed 20 higher at 252p amid rumours that parent company S. Pearson, 5 up at 250p, will bid for the 36.44 per cent of the equity not already held. Elsewhere, advertising agents Geers Gross fell 8 to 130p following a Press "sell" recommendation.

Lack of interest and occasional selling made for another drab session in Properties. Land Securities losing 4 more to 294p and MEPC a couple of pence to 218p. British Land shed 3 to 89p and Stock Conversion 5 to 335p. Selected secondary issues moved against the trend, Rush and Tompkins adding 6 for a two-day gain of 12 to 238p and Trust Securities firming 4 to 360p, the latter following a Press mention. A. and J. Mucklow, interim results due tomorrow, hardened 2 more to 98p, while Municipal Properties, a thin market, jumped 60 to 900p following the annual results and property revaluation.

CCP up on bid

Secondary Oils displayed a firm feature in CCP North Sea, which jumped to 193p before closing a net 12 up at 185p following the agreed bid from Tricentrol, 4 off at 172p. Charterhouse Petroleum, which had previously agreed terms with CCP, gained 6 to 70p; Charterhouse also announced its annual results yesterday. Cluff Oil, which holds a near-30 per cent stake in CCP and has accepted Tricentrol's terms, put on 10 to 135p. Clyde Petroleum added 2 to 77p on the successful rights issue, but NCC Energy shed 5 for a two-day drop of 25 on the delayed link-up with Simplicity Pattern. The leaders attracted revived investment demand, British Petroleum improving 4 to 280p and Shell a couple o pence to 348p.

Preliminary profits from money broker Exco International fell a shade below market expectations and the shares reacted to 205p before settling for a net loss of 6 at 212p. Mercantile House shed 15 to 435p, but R. P. Martin held the overnight level of 360p.

Tobaccos were again irregular. Bats, a dull market of late, came under renewed pressure and closed 8 down at 413p following the proposed acquisition of Chicago department store Marshall Field for $310m. In contrast, Imperial were actively traded and touched 91p before ending a net penny to the good at 90p after the announcement of further rationalisation within the group's tobacco division.

Golds rally

The $9.50 rally in the bullion price to $323 an ounce produced a welcome change of sentiment in the Gold share market.

Widespread bear covering coupled with persistent light buying prompted sizable gains throughout the list, although the increase in a number of U.S. prime rates left most issues below the day's best.

Heavyweights were featured by President Brand, up £1¼ at £14¾, while Buffels recovered ¾ to £14¼, Western Holdings ¾ to £17⅜ and Western Deep a like amount to £11¼.

Medium- and lower-priced issues showed gains ranging to 68 as in Driefontein, 968p. In addition to the general demand, the sharemarket was again sustained by the recent strength of the Financial Rand. The Gold Mines index recouped 10 points to 221.5.

Demand for Golds spilled over into South African Financials; Gencor were prominent and finally 25 firmer at 750p. "Amgold" moved up ½ to £29, GFSA ¼ to 22¼ and UC Investments 20 to 395p.

London Financials also responded to the firmer bullion price. Gold Fields gained 8 to 355p and Charter Consolidated hardened 2 to 220p.

Good gains in overnight Sydney and Melbourne markets encouraged a much steadier trend in Australians.

Pancontinental were active and finally 10 higher at 110p following news that the Federal Government has given conditional approval for the go-ahead of the Jabiluka uranium project in the Northern Territory.

Gold Mines of Kalgoorlie improved a like amount to 175p and Poseidon 3 to 80p. The Coal producer Oakbridge added 5 at 77p while Meekatharra edged up 2 to 112p.

Woodside Petroleum closed unchanged at 47p, after 50p; BHP and Shell Australia said in Melbourne yesterday that they have received no bids for their respective holdings in Woodside and have no wish to sell them.

Traded Options attracted 1,916 deals comprising 1,399 calls and 517 puts. Call activity was more widely-distributed than of late, although Imperial remained to the fore and recorded 473 trades. Lonrho and RTZ attracted 217 and 202 calls respectively. Put trading was dominated by British Petroleum with 256 deals arranged.

FINANCIAL TIMES STOCK INDICES

	Mar. 16	Mar. 15	Mar. 12	Mar. 11	Mar. 10	Mar. 9	A year ago
Government Secs	68.33	68.47	68.30	68.71	68.75	68.08	69.82
Fixed Interest	69.08	69.03	68.96	69.07	69.02	67.94	71.65
Industrial Ord.	562.4	565.8	566.9	567.9	559.5	560.8	487.6
Gold Mines	221.5	211.5	219.6	228.0	219.8	209.2	342.9
Ord. Div. Yield	5.69	5.66	5.64	5.61	5.64	5.61	6.89
Earnings, Yld.%(full)	10.18	10.29	10.26	10.24	10.38	10.33	14.53
P/E Ratio (net) (*)	12.78	12.52	12.55	12.57	12.40	12.46	8.51
Total bargains	21,431	21,009	25,705	23,029	22,022	25,348	24,350
Equity turnover £m.	—	122.32	151.72	145.99	169.05	140.14	145.57
Equity bargains	—	16,929	19,330	18,576	17,735	23,223	21,340

10 am 562.4. 11 am 562.8. Noon 564.1. 1 pm 562.4. 2 pm 561.8. 3 pm 562.0.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928 Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.50.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5/81)	61.61 (28/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	209.2 (9/3/82)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 15	Mar. 12
—Daily		
Gilt Edged Bargains	202.1	216.4
Equities Bargains	106.7	125.2
Equities Value	347.2	306.7
5-day Avrge.		
Gilt-Edged Bargains	223.1	237.8
Equities Bargains	124.1	134.1
Equities Value	294.6	318.0

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. or amount	Times covered	Gross yield	P.E. ratio
142	F.P.	26/3	196	186	Amersham	190	—	b5.5	2.9	2.8	18.2
15	F.P.	15/4	22	19	Cambrian & Gen. 7½p	22	+2	—	—	—	—
80	F.P.	—	365	315	Eldridge Pope £1	355	—	9.5	2.9	3.7	11.8
—	F.P.	—	25	21	Fleet Holdings 20p	24	+½	—	—	—	—
—	F.P.	—	38	27	Greenfriar Warrants	38	—	—	—	—	—
§90	F.P.	6/3	93	89	Imm. Bus. Sys. 10p	92	—	—	—	—	—
‖	F.P.	—	55	47	Malaysian Tin 5p	50	—	—	—	—	11.0
§150	F.P.	16/4	145	137	Oceonics 10p	140	+5	bd1.5	4.7	1.5	18.0
‖	F.P.	—	30	30	Osprey Assets	30	—	F1.4	—	6.7	—
¶¶	F.P.	—	42	40	P. H. Industrials	41	+1	b3.8	1.8	13.3	6.4
‖	F.P.	—	15½	13	TSW 5p	15½	—	F0.5	—	5.5	—
46	F.P.	19/2	62	47	York Mount	62	+1	b4.31	3.9	10.4	2.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	30/7	35½	25¾	Barclays 16% Ln. Stk.	34¼	−¼
100	F.P.	14/4	116	111	Boddingtons Brew 9½% Cnv. Ln. 2000-05	115	—
¶¶	F.P.	—	204	200	Churchbury Ests. 6.4% Cnv. Ln 1995	204	—
100	Nil	28/3	3pm	½pm	Hunting Pet. 10% Cnv. Ln. 1997	½pm	—
¶99	£10	29/4	11¼	10½	Lee Valley 9¼% Red. Prf. 1989	11¼	—
¶97½	F.P.	18/3	110½	101	Mid-Kent Water 9½% Red. Prf. 1987	101	—
§100	£10	—	101⅞	99¾	Nationwide Bdg. Soc. 16½% (17/1/83)	101⅞	—
§100	F.P.	—	101⅛	100	Do. 15⅝% (7/2/83)	101⅛	—
§100	F.P.	—	100⅛	100¼	Do. 14¼% (14/3/83)	100¼	—
—	F.P.	16/4	102p	100p	Ropners 11½% Cum Prf.	102p	—
98.53	£20	20/5	25	19¾	Trans-Canada Pipelines 16½% Notes 2007	24½	−½

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
70	F.P.	15/3	19/4	87	73	Clyde Petroleum	75	−1
140	F.P.	19/2	19/3	164	152	Davy Corp.	152	−2
40	F.P.	8/3	23/4	42	40½	Energy Finance 10p	42	—
30	Nil	—	—	27pm	20pm	First Castle 10p	25pm	+1
160	Nil	22/3	29/4	26pm	4pm	Hunting Pet. Services	18pm	+5
230	F.P.	26/2	26/3	295	258	Lovell (Y.J.)	285	−10
A$2.25	Nil	—	—	18pm	12pm	M.I.M.	18pm	+2
188	F.P.	11/2	26/3	229	218	MEPC	219	−4
110	Nil	23/3	23/4	38pm	24pm	Security Centres	38pm	+8
11	Nil	—	—	3½pm	3½pm	Shaw & Marvin 10p	5½pm	—
25	F.P.	26/2	19/3	41	38	Smith St. Aubyn	35	−2
45	F.P.	—	—	48	37	Steaua Romana (Brit.)	37	−1
10	Nil	—	—	2½pm	1pm	Sturla 10p	2½pm	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. * With warrants. †† Dealings under special Rule. Unlisted Securities Market. ‡‡ London Listing. Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ** Unit comprising five ordinary and three Cap. Shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	450	−15	Guinness Peat	68	+10
British Sugar	420	−20	Hawker Siddeley	306	−10
Brooke Bond	54	− 3	Huntley and Palmer	84	−21
Exco Int.	212	− 6	Imperial Group	90	+ 1
Grand Met.	203	− 5	Pancontinental	110	+10
Guinness (A.)	79	− 3	Pearson Longman	252	+20

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
NCC Energy	16	80	−20	B.H. Prop.	10	440	−10
Unilever	13	628	−14	GEC	10	811	− 4
Driefontein	12	900	−31	Granada A	10	234	−12
Barratt Devs.	11	276	− 4	GUS A	10	505	− 2
De Beers Defd.	11	226	−11	Huntley & Plmr	10	105	− 7
GKN	11	165	− 5	Shell Transport	10	346	− 2
BP	10	278	− 2	Standard Tele.	10	530	+ 5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12
Apr 5	Apr 26	July 15	July 26

For rate indications see end of Share Information Service

Money was given for the call in Exco, United Scientific, George Sturla, Renold, Dundonian, Premier Oil, Imps, NCC, Woodside, Huntley and Palmer, Staneleo and Erskine House. Puts were taken out in Huntley and Palmer, Tozer Kemsley and Millbourn and Metal Box, while doubles were struck in M.P. Kent, BP and ICI.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (33)

LOANS (1): FFI (UK Fn.) 6½pc 1981-84
BEERS (1): Burtonwood
BUILDINGS (3): Lawrence (W.), Wiggins, Ruberoid
CHEMICALS (1): Plysu
STORES (1): Home Charm
ELECTRICALS (5): Cambridge Elec., Security Centres, Memec, Utd. Scientific, Chloride (G. H.)
ENGINEERING (4): Attwood, Cartwright (R.), Bratway, Fife Indmar
HOTELS (1): Kennedy Brookes
INDUSTRIALS (6): Braby Leslie, J.B. Holdings, Elbief, Metal Closures, Evode, Wolseley-Hughes
LEISURE (1): Pleasurama
MOTORS (1): Braid
NEWSPAPERS (1): Pearson Longman
PROPERTY (2): Regalian, Speyhawk
TEXTILES (1): Early's of Witney
TOBACCOS (1): Imperial
TRUSTS (2): Merc. Comm. Mkt., Pearson (S.)
OIL & GAS (1): Tiber Energy

NEW LOWS (33)

AMERICANS (3): Bank America, Simplicity Pattern, Crown-Zellerbach
CANADIANS (1): Bow Valley
CHEMICALS (1): Leigh Ints.
ELECTRICALS (1): Fujitsu
INDUSTRIALS (5): Christie-Tyler, Overstone, Fletcher Challenge, Walker & Homer, Hollis Brothers
TEXTILES (1): Shaw Carpets
TRUSTS (4): Drayton Far Eastern, Newmarket, Energy Res. Services, Sonusbond
OIL & GAS (9): Cambridge Pet., Moray Firth, Dorset Res., Palliser Res., Gulfstrm. Res. Can, TR Energy, Hamilton Oil, Tricentrol, International Pet.
OVERSEAS TRADERS (1): Harrisons Crosfield
RUBBERS (1): Harrisons Malaysian
TEAS (1): McLeod Russell 8.4pc Conv.
MINES (5): Rand Lon. Coal Pf., York Resources, North Kalgurli, Tara Exploration, Vulcan Minerals

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	72	19
Corpns. Dom. and Foreign Bonds	10	17	47
Industrials	209	282	885
Financial and Prop.	56	104	369
Oils	31	33	46
Plantations	3	5	16
Mines	72	15	77
Others	52	44	50
Totals	435	556	1,489

ELDERS/WOOD HALL

The offer by Elders IXL for all the ordinary and preference of Wood Hall Trust has been declared unconditional and extended to April 16.

The company is now entitled to 92.21 per cent of the ordinary and 93.48 per cent of the preference.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues March 16 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Mar 15 Index No.	Fri March 12 Index No.	Thur March 11 Index No.	Wed March 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	371.07	−0.2	9.24	4.29	13.63	371.85	371.42	371.21	368.29	318.78
2	Building Materials (25)	335.58	−1.0	13.01	5.13	9.23	339.01	338.82	336.02	333.78	278.89
3	Contracting, Construction (28)	613.31	−0.7	14.59	4.67	8.06	617.75	615.93	613.72	610.82	508.54
4	Electricals (31)	1268.76	+0.4	7.31	2.33	17.49	1263.53	1259.70	1250.39	1247.16	1044.25
5	Engineering Contractors (9)	505.52	+0.2	12.09	5.79	9.35	524.47	528.94	506.33	505.52	423.92
6	Mechanical Engineering (67)	192.66	−0.9	10.89	5.78	11.69	194.38	194.93	194.60	193.43	188.28
8	Metals and Metal Forming (12)	164.98	−0.5	7.37	7.38	19.64	165.76	165.92	165.15	163.92	143.11
9	Motors (21)	99.46	+0.2	—	6.69	—	99.27	98.60	98.23	98.52	88.95
10	Other Industrial Materials (17)	389.49	−0.1	8.61	5.51	14.42	389.84	389.61	393.56	390.85	339.21
21	CONSUMER GROUP (199)	295.33	−0.6	12.37	5.64	9.93	297.34	298.08	298.66	296.48	246.14
22	Brewers and Distillers (21)	291.93	−1.5	16.71	6.68	7.47	296.45	293.29	297.42	295.45	267.88
25	Food Manufacturing (21)	273.78	−1.2	15.56	6.61	7.73	276.97	280.27	281.07	282.38	229.59
26	Food Retailing (15)	612.47	—	8.79	3.26	13.86	612.73	611.16	612.70	611.97	453.78
27	Health and Household Products (8)	387.88	−0.4	8.05	4.08	14.60	389.24	386.47	386.87	378.47	263.81
29	Leisure (24)	446.30	+0.5	9.34	4.96	13.44	444.09	447.19	449.33	445.50	373.36
32	Newspapers, Publishing (12)	526.08	+0.2	10.93	6.65	12.24	515.79	515.40	515.42	515.27	446.51
33	Packaging and Paper (13)	144.39	−0.7	13.85	7.46	8.63	145.46	145.91	147.63	145.76	124.29
34	Stores (45)	270.53	−0.2	10.46	4.55	12.03	271.15	272.33	271.84	268.17	249.34
35	Textiles (23)	172.63	−0.4	9.31	5.79	13.15	173.36	175.31	173.50	173.14	138.72
36	Tobaccos (3)	308.05	−1.1	19.39	8.45	5.73	311.52	318.67	316.80	314.32	213.19
39	Other Consumer (14)	287.15	−0.1	0.23	5.89	—	287.57	285.56	285.74	285.54	257.73
41	OTHER GROUPS (78)	255.65	−0.6	13.15	6.09	9.17	257.34	257.46	258.92	256.75	207.97
42	Chemicals (16)	336.88	−1.1	13.18	6.22	9.65	342.81	343.72	345.36	342.79	282.42
44	Office Equipment (4)	128.48	−1.1	12.53	6.69	9.72	129.84	130.58	130.58	129.21	108.46
45	Shipping and Transport (13)	564.93	−1.0	18.97	6.54	6.27	570.73	566.78	572.65	564.74	504.67
46	Miscellaneous (45)	321.04	+0.2	11.54	5.10	10.60	320.35	320.81	321.66	320.39	269.62
49	INDUSTRIAL GROUP (487)	316.12	−0.4	11.32	5.20	10.98	317.54	317.95	318.08	316.01	265.41
51	Oils (13)	639.39	+1.1	20.80	9.06	5.54	652.66	633.24	642.76	627.13	831.90
59	500 SHARE INDEX	342.55	−0.2	12.73	5.77	9.53	343.33	344.15	344.97	341.47	310.39
61	FINANCIAL GROUP (117)	258.53	−1.0	—	6.13	—	261.12	263.04	263.77	263.16	208.29
62	Banks (6)	275.73	−2.7	28.75	7.63	2.87	283.52	289.17	288.15	290.89	235.18
63	Discount Houses (9)	238.17	−0.4	—	9.11	—	239.16	240.20	238.97	240.85	307.33
65	Insurance (Life) (9)	260.03	−0.3	—	6.19	—	260.73	258.06	260.65	260.19	263.82
66	Insurance (Composite) (10)	167.67	−0.2	—	8.24	—	168.09	167.98	168.78	168.15	164.87
67	Insurance Brokers (7)	451.05	−1.5	9.87	5.66	13.70	457.69	457.85	457.05	449.67	341.59
68	Merchant Banks (12)	145.02	+0.6	—	5.76	—	144.13	146.25	146.24	145.56	148.48
69	Property (49)	458.06	−0.6	4.68	3.22	28.54	460.73	454.39	468.36	463.84	478.52
70	Other Financial (15)	180.19	−0.5	15.83	6.04	7.77	181.14	181.11	182.23	181.62	148.70
71	Investment Trusts (112)	296.69	−0.2	—	5.50	—	297.29	299.30	299.54	299.78	287.71
81	Mining Finance (4)	198.93	+1.0	17.03	7.15	7.19	196.96	200.24	202.71	202.82	229.36
91	Overseas Traders (17)	377.33	−1.6	13.88	8.44	8.80	383.29	387.60	387.13	390.23	442.60
99	ALL-SHARE INDEX (750)	320.87	−0.4	—	5.89	—	322.02	323.38	324.18	321.65	298.06

FIXED INTEREST

	PRICE INDICES	Tues Mar 16	Day's change %	Mon Mar 15	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	109.90	−0.19	110.10	—	2.65
2	5-15 years	110.70	−0.21	110.93	—	2.21
3	Over 15 years	114.57	−0.20	114.81	—	2.52
4	Irredeemables	121.82	−0.30	122.19	—	1.62
5	All Stocks	111.45	−0.20	111.68	—	2.41
6	Debentures & Loans	87.47	+0.09	87.40	—	3.09
7	Preference	64.35	+0.06	64.32	—	2.15

	AVERAGE GROSS REDEMPTION YIELDS		Tues Mar 16	Mon Mar 15	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.30	12.27	11.39
2		15 years	12.82	12.81	12.05
3		25 years	12.58	12.55	12.28
4	Medium Coupons	5 years	14.06	13.97	12.97
5		15 years	13.85	13.81	13.57
6		25 years	13.34	13.31	13.36
7	High Coupons	5 years	13.96	13.88	13.80
8		15 years	14.02	13.97	13.80
9		25 years	13.51	13.41	13.52
10	Irredeemables †		12.21	12.17	11.51
11	Debs & Loans	5 years	14.65	14.76	13.95
12		15 years	14.65	14.66	14.32
13		25 years	14.65	14.66	14.34
14	Preference †		15.28	15.29	14.37

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FT UNIT TRUST INFORMATION SERVICE

INSURANCE BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Canada Life Assurance Co of G. Britain

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Aberdeen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Int. Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chartan Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert Incorp.

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G.T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Henderson Management (Guernsey) Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

King & Shaxson Mngrs.

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Minerals, Oils Res. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Man. (Jersey) Ltd.

Bullion/Heinold Commodities

RBC Investment Managers Limited

Ramimco Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Life Group

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Sentry Assurance International Ltd.

Signal Life Assurance Co. Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

M. G. Tyrrell & Co. (Jersey) Ltd.

Unico Invest. Fd. Mngt. Co. S.A. Lux.

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. e Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. † Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

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CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ *Interim since reduced, passed or deferred.*
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # *Price at time of suspension.*
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ *Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.*
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Ind.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	10	I.C.L.	5½		
Barclays Bank	42	Ladbroke	15	**Property**	
Beecham	21	Legal & Gen.	19	Brit. Land	7½
Blue Circle	48	Lex Service	10	Cap. Counties	16
Boots	19	Lloyds Bank	42	Land Secs.	28
Bowaters	24	"Lofs"	6½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	14
B.A.T.	38	Lucas Inds.	20	Samuel Props.	11
Brown (J.)	7	"Mams"	12	Town & City	5½
Burton Ord.	15	Mrks. & Spncr	12		
Cadburys	9	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	9	Brit. Petroleum	26
Debenhams	7	Nat. West. Bank	38	Burmah Oil	10
Distillers	15	P & O Dfd.	14	Charterhall	6
Dunlop	6½	Plessey	32	KCA	14
Eagle Star	31	Racal Elect.	35	Premier	6
F.N.F.C.	4	R.H.M.	6½	Shell	30
Gen. Accident	28	Rank Org. Ord.	20	Tricentrol	22
Gen. Electric	65	Reed Intnl.	26	Ultramar	38
Glaxo	42	Sears	6		
Grand Met.	17	Tesco	5½	**Mines**	
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	15	Tube Invest.	13	Lonrho	7
Hawker Sidd.	30	Turner & Newall	11	Rio T. Zinc	42
		Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

FINANCIAL TIMES
Wednesday March 17 1982

Brezhnev offers freeze on SS-20s

BY REGINALD DALE IN WASHINGTON AND JAMES BUCHAN IN BONN

WESTERN leaders yesterday criticised a sudden announcement by Mr Leonid Brezhnev, the Soviet President, of a freeze on further deployment of SS-20 intermediate-range nuclear missiles west of the Ural Mountains.

● Mr Ronald Reagan, the U.S. President, said it was "not enough." The White House described Mr Brezhnev's "unilateral moratorium" as neither unilateral or a moratorium.

● Mrs Margaret Thatcher, the Prime Minister, told the Commons that it left the Soviet Union with "total superiority" in medium-range weapons. She said the range of SS-20s meant that even east of the Urals they were still a threat to West Europe.

● In Bonn the West German Government said the announcement was of value only if it meant Moscow was prepared to negotiate reductions in the 300 SS-20s they have already deployed.

Mr Brezhnev announced the freeze during an address to the Soviet trade unions in Moscow. He said Moscow wanted to set a good example and ease progress towards an agreement with the U.S. on a major reduction of nuclear weapons in Europe.

He said the freeze would last only until the U.S. began "practical preparations" for its own deployment of 572 Pershing-2 and Cruise missiles in Western Europe.

He warned that if this deployment went ahead, there would be a "real additional threat" which "would compel us to take retaliatory steps."

Deployment of these missiles in Britain and West Germany is scheduled for late next year, but "practical preparations" would have to begin earlier, meaning Moscow could resume SS-20 deployment at any time.

The announcement came on the same day as Soviet-U.S. talks in Geneva on curbing medium-range weapons in Europe adjourned for two months.

The Soviet Union, arguing that there is already an East-West balance, has offered a two-thirds cut in existing arsenals.

In November, President Reagan, seeking to correct what the West sees as a dangerous Soviet superiority, proposed the so-called "zero option." Under this Nato would scrap its plans to deploy Pershing-2 and Cruise missiles and the Soviet Union would dismantle its SS-20s.

U.S. State Department officials argue that with 300 SS-20s now deployed the Soviet Union is near to what Nato believes was its original target figure. The U.S. is now finalising details of the position with which it will enter talks with the Soviet Union to reduce both sides' strategic weapons. These talks were originally expected to begin this month but were put off by Washington because of developments in Poland.

Thatcher strategy, Page 10

Guinness Peat to sell Unitel stake

BY WILLIAM HALL AND IAN RODGER

GUINNESS PEAT, the troubled commodities and banking group, has agreed to sell its 30 per cent stake in Unitel International, the U.S. money broking and computerised financial services operation, in a deal which will raise over £18m.

Nearly half the Guinness stake is being bought by Exco International, the money broking company, raising Exco's holding to 49.9 per cent. Cayzer, Gartmore, a subsidiary of British and Commonwealth Shipping, is taking another 6 per cent of Unitel to add to its 24 per cent stake and the executives of Unitel are buying 8 per cent, raising their stake to 18 per cent. Finally, unit trusts managed by Save and Prosper are buying 2 per cent of Unitel.

Unitel is the holding company for Noonan, Astley and Pearce, a New York money broker. In October, it acquired a 90 per cent interest in Telerate, which operates a computerised market information service mainly in the U.S.

The Unitel sale marks a major reversal in strategy for Guinness Peat, which until November had been increasing its U.S. investment. Yesterday Guinness Peat reported a pre-tax loss of £7.4m for the six months to October 1981 and omitted its interim dividend.

Including provisions established for further rationalisation, the group made a loss of £13.47m after extraordinary items, which compares with a £1.5m profit in the comparable period of last year.

Its management blames the "disastrous losses" in its Chicago animals fats venture for part of its decline. The Chicago venture lost £4m in 1980-81 and another £4.9m in the latest period. These losses occurred at a time when the group's commodities profits fell from £4.9m to £250,000.

The London Stock Exchange marked Guinness Peat shares 10p higher to 68p on the view that the worst is now over.

Exco indicated in November when making its spectacular stock market debut that it was excited about Telerate's prospects and would take a larger stake if the opportunity arose.

However, it has limited the increase in its holding in Unitel to 13.9 per cent so as not to bring it over 50 per cent of Unitel, at which point it would have to consolidate the company's results and balance sheet.

Mr John Gunn, managing director of Exco, explained that Unitel has a $40m (£22m) loan. If this was taken into Exco's accounts, it would leave the total group with a deficit on reserves.

Exco financed the purchase of its increased stake in Unitel by a vendor placing of 2.875m shares at just under 200p per share.

Guinness Peat results Page 20
Exco, Page 21

£89m bids referred to Monopolies Commission

By Ray Maughan

TWO references to the Monopolies and Mergers Comission yesterday blocked takeover bids worth almost £90m.

The contested £76m cash and share offer by Rowntree Mackintosh for the biscuit manufacturer, Huntley & Palmer Foods, and the agreed £12.8m cash bid by Imperial Chemical Industries for the paint group, Arthur Holden & Sons, are to be investigated by the Commission. It has to report within six months.

Under he terms of the conditions imposed by ICI and Rowntree, both bids have lapsed.

Huntley lost a fifth of its stock market value yesterday as the shares dropped to 84p, which compares with an effective price of 105p per share offered by Rowntree.

The York-based confectionery group expects to decide by the end of this week whether it will drop the bid entirely, or whether it will wait for a favourable report by the Commission. Its original bid was due to reach its first closing date tomorrow, and Rowntree had previously acquired a 23.5 per cent stake in Huntley.

In each instance, the bidder had faced the possibility of a counter-offer from a third party.

International Paint, a subsidiary of Courtaulds, acquired a 12 per cent interest in Holden last January, at 150p per share, but a subsequent offer of 180p from ICI was sufficient to secure agreement by the Board for 35 per cent of the equity.

Huntley had found what it regarded as a potentially more amenabel suitor in Nabisco Brands of New York which, after many rumours, started talks with the biscuit group last Friday.

No terms have yet been detailed but any bid would probably be referred to the commission.

Nestle bows to critics of baby milk marketing

By Anatole Kaletsky in Washington

NESTLE, the world's biggest producer of breast-milk substitute baby foods, yesterday bowed to a 10-year international campaign against aggressive marketing of baby milk in developing countries. It announced that it is to stop advertising and sales practices which discourage breast feeding.

Mr Rafael Pagan, president of the Swiss-based group's co-ordination centre for nutrition in Washington, said yesterday that the company was voluntarily complying with the World Health Organisation code and had issued guidelines which Nestle's subsidiaries around the world would follow. They are designed to restrict promotion of breast-milk substitutes, stop mass media advertising in Third World countries and discourage the use of infant formulae except where mothers have the benefit of medical consultation.

Nestle, whose sales of infant formulae are estimated at between $300m (£1.66m) and $400m a year, has been fighting a rearguard action against claims that breast milk substitutes pose serious health risks in countries with contaminated water supplies, low levels of health education and endemic diseases, to which immunity can be transmitted through mothers' milk.

In addition, it has been alleged that the decline in breast feeding encouraged by infant-formula advertising in the Third World, has increased birth rates because breast feeding can act as a natural contraceptive.

Since 1977 religious and consumer groups have been trying to organise boycotts of Nestle products in the U.S. because of its dominance of the infant formula markets

Tricentrol joins bidding for CCP

BY DUNCAN CAMPBELL-SMITH

THE EMERGENCE of a counter-bidder has started a battle for control of CCP North Sea Associates, the London-based oil exploration company, which last month agreed to recommend that its shareholders accept a £15m bid from Charterhouse Petroleum, another UK oil group, with North Sea interests.

The second bid for CCP has been made by Tricentrol, an independent oil group also with interests in the North Sea as well as the U.S. Tricentrol's bid values CCP at £15.26m.

CCP's board and its advisers, Morgan Grenfell, decided on Monday to withdraw their support for the Charterhouse bid.

Shareholders in CCP will now be told that their directors recommend the bid from Tricentrol. The terms were negotiated in a series of meetings over the weekend and were made conditional—as was Charterhouse's bid—on support of the CCP board.

Tricentrol is offering 700p cash and seven ordinary shares for every 10 ordinary shares of CCP. By the close of the trading last night, Tricentrol's share price had slipped to 172p, valuing its offer at 190.4p per CCU share, slightly above the Charterhouse bid.

Morgan Grenfell said that among advantages of the new bid were a higher yield on Tricentrol's shares compared with Charterhouse's and the fact that Tricentrol's offer was not conditional on approval by its own shareholders. The bid by Charterhouse Petroleum—which is 48 per cent owned by the Charterhouse Group—must be approved by Charter Petroleum's shareholders.

Mr David Roberts, Charterhouse's financial director, however, stressed the similarity of the two bids in almost every other respect. "Our bid is by no means out of court," he said. "Our price remains competitive and we see no reason to consider lifting it at present."

The Charterhouse bid was initially worth 192p per CCP share, based on 50p cash and two Charterhouse shares. Its value had fallen marginally by Monday but recovered yesterday when the announcement of the company's preliminary results helped lift the shares 6p to 70p, leaving Charterhouse's bid only just below Tricentrol's.

Mr Graham Hearne, Tricentrol's chief executive, said his board and its advisers, N. M. Rothschild, had offered "a sensible price."

CCP's shares, which are traded on the Unlisted Securities Market, closed up 12p at 185p.

Cable TV go-ahead expected next week

BY ELINOR GOODMAN

THE Government is expected to give the go ahead on Monday to the widespread development of cable television. A paper is to be published setting out the possible areas for development. At the same time the Government will begin consultations over the framework which will be necessary to oversee the new industry.

Earlier this month, the Government decided to authorise in principle the start of direct broadcasting by satellite in 1986. The proposed satellite system has major implications for the cable industry as cable television networks could take programmes supplied by satellite.

The move on cable television, discussed by Ministers yesterday, could stimulate the rapid development of a £1bn a year industry financed by the private sector. Mr Kenneth Baker, Minister for Information and Technology, has described the decision as the most important the Government will take this year.

The Government is apparently anxious to see the new system get off the ground as quickly as possible, and is therefore expected to announce its readiness in principle to lift the existing restrictions on the use of cable before it has decided on a new regulatory framework.

At present cable television operators may transmit legally only programmes broadcast by the BBC and Independent Television networks. A report prepared by a panel of independent experts at the request of the Prime Minister concluded that cable operators should be free to use whatever material they chose. This could include subscription television, paid advertising and two-way electronic information services.

The report urged the Government to announce "in broad outline" its future policy towards cable television by mid 1982 so as to allow the industry time to invest in new systems.

It also said that a review would be necessary of the implications of deregulating cable television and that a decision would have to be taken on whether to set up a statutory body to oversee the cable industry.

Continued from Page 1

Tokyo

remains Japan's dull economic outlook.

Japan's economic planners have been jolted into action by the news that GNP shrank 0.9 per cent in the last quarter of 1981 — the first negative quarterly growth since early 1975.

While the fall has been put down to falling exports and some recovery of imports, the Government believes its key problem now is to stimulate domestic demand — gradually recovering after the long recession which followed the 1979 oil crisis.

The problem is that boosting budget spending would cut right across the Government's strong commitment to supporting Japan's huge budget deficits and any fall in interest rates is being ruled out while Japanese interest rates remain significantly lower than those in the U.S.

Bringing forward a major portion of public works spending into the first half of the year — probably about 75 per cent — appears to be the only measure the Government has been able to think of so far which does not cut across other policy commitments. This "forward loading," however, may not be nearly enough to produce the level of demand considered necessary.

Continued from Page 1

Inmos

the NEB's stake to less than 50 per cent, in line with the Government's privatisation policies. They would also raise fresh funds that should enable Inmos to expand its operations, either in the UK or abroad.

The 25 per cent of Inmos not held by the NEB is held by its senior employees including Dr Richard Petritz, its chairman, and two other founder-directors.

It is producing micro-chips from a factory in Colorado Springs in the U.S. but its future depends on selling advanced 64-K random access memory chips which it is to start producing later this year in Newport.

Prices have fallen sharply in the past year and Inmos will face tough competition from other U.S. and Japanese producers.

The NEB's success in attracting private sector investors will depend on beating this competition.

U.S. industry index

Continued from Page 1

figure reflected "a rebound in activity from the sharply curtailed output levels that resulted in part from severe January weather." The production index was still 1 per cent below the December level and 6.6 per cent down on February last year.

Production increased in all sectors, including the car industry. There the rise was 14 per cent in the month after falling to a 23-year low in January. March production, however, is expected to be down again.

Consumer durable production, which fell by 2 per cent in January, rose by 1.7 per cent last month. Output of construction materials rose by 2.1 per cent, but was still 16.1 per cent down on the level of 12 months ago.

Dr Kaufman, urging fiscal policy changes later, said the Fed should drop its monetarist approach unless the country was prepared to accept numerous defaults and bankruptcies.

Recent upward pressure on interest rates in the U.S. which has prompted the prime rate rise seems likely to complicate further European attempts to lower interest rates.

The Bundesbank, West Germany's central bank, is to hold one of its regular fortnightly council meetings today. It had been hoped the bank would ease its monetary policy and perhaps lead the way to lower interest rates in West Germany.

The domestic background for such a step seems favourable. Early indications suggest a modest settlement in the annual wage round this year and signs of inflation easing. The bank in the past week has encouraged expectations of lower rates. Some commercial banks cut lending charges this week.

However, with the D-Mark slightly weaker again yesterday at about DM 2.39 to the dollar and U.S. interest rates rising, the international financial situation may inhibit the bank from anything more than at best a modest easing in the special Lombard rate which stands at 10 per cent.

Weather

UK TODAY

WINTRY showers, some overnight frost, windy.

S. England, Midlands, Wales, Central N and NE England, Borders, Edinburgh, Dundee.

Showers, wintry at times, icy patches. Max 7C (45F).

Orkney, Shetland

Some longer outbreaks of sleet or snow, wind cyclonic. Max 3C (37F).

Rest of Scotland, NW England, N Ireland

Wintry showers, clear intervals, frost, strong to severe gales. Max 5C (41F).

WORLDWIDE

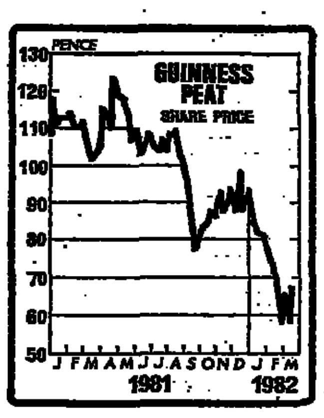
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	L. Ang.†	C	5	41
Algiers	F	20	68	Luxor	S	28	82
Amsdm.	F	9	48	Madrid	S	15	59
Athens	F	13	55	Majorca	S	17	63
Bahrain	C	20	68	Malaga	S	17	63
Barclna.	C	13	55	Malta	S	16	61
Beirut	C	17	63	Mchstr.	F	7	45
Belfast	C	5	41	Melbne.	—	—	—
Belgrd.	C	9	48	Mx. C.†	—	—	—
Berlin	C	12	54	Miami†	—	—	—
Biarritz	C	14	57	Milan	S	11	52
Bmghm.	C	7	45	Montr'l†	—	—	—
Blackpl.	C	5	41	Moscow	F	3	37
Bordx.	C	12	54	Munich	S	12	54
Boulgn.	C	6	43	Nairobi	S	28	82
Bristol	C	8	46	Naples	S	13	55
Brussels	F	9	48	Nassau	—	—	—
Budpst.	C	6	43	Ncwstl.	C	6	43
Cairo	C	23	73	N York†	—	—	—
Cardiff	F	8	46	Nice	S	14	57
Cashca.	F	18	64	Nicosia	—	—	—
Cape T.	S	21	70	Oporto	C	14	57
Chicg.†	C	5	41	Oslo	S	4	39
Cologne	C	9	48	Paris	C	9	48
Cpnhgn.	R	4	39	Perth	S	26	79
Corfu	C	13	55	Prague	C	11	52
Denvert	F	6	43	Reykjvk.	S	-1	30
Dublin	C	7	45	Rhodes	F	11	52
Dbrvnk.	C	12	54	Rio J'o	—	—	—
Edinbgh.	C	5	41	Rome	S	13	55
Faro	C	16	61	Salzbg.	[illegible]	[illegible]	[illegible]
Florence	C	12	54	Singapr.	—	—	—
Frankfurt	C	9	48	Stckhm.	—	—	—
Funchal	C	17	63	Strasbg.	—	—	—
Geneva	C	4	39	Sydney	—	—	—
Gibrltr.	C	17	63	Tangier	S	6	43
Glasgow	C	4	39	Tel Aviv	S	8	46
Guernsey	C	7	45	Tenerife	[illegible]	[illegible]	[illegible]
Helsinki	C	-1	30	Tokyo	[illegible]	[illegible]	[illegible]
H Kong	C	15	59	Toronto†	[illegible]	[illegible]	[illegible]
Innsbrk.	C	8	46	Tunis	[illegible]	[illegible]	[illegible]
Invrnss.	C	2	36	Valencia	[illegible]	[illegible]	[illegible]
I.o.Man	C	6	43	Venice	[illegible]	[illegible]	[illegible]
Istanbul	R	4	39	Vienna	[illegible]	[illegible]	[illegible]
Jersey	C	7	45	Warsaw	[illegible]	9	48
Jo'burg	F	17	63	Zurich	[illegible]	8	46
L. Pims.	F	20	68				
Lisbon	C	15	59				
Locarno	R	7	45				
London	C	8	46				

C—Cloudy, F—Fair, R—Rain, S—Sunny
† Noon GMT temperatures.

THE LEX COLUMN

New horizons for Guinness Peat

Index fell 3.4 to 562.4



As the pall of twilight hangs over British industry, financial service companies flicker in the firmament. The investor with a telescope soon learns their characteristics — the energy-emitting Mercantile constellation, the money-broking comet, and a wan, tallow-coloured body that hangs over Lake Michigan. All of them stars or potential stars, and all subject to embarrassing shortages of equity.

Strange interstellar conjunctions sometimes occur. After making £13¾m of attributable losses in the six months to October, one financial service company (VSC), Guinness Peat, has sold its investment in the American FSC Unitel to another Unitel shareholder, the FSC Exco International. FSCs are full of goodwill, of course, and for Exco to borrow to take its Unitel stake above 50 per cent and then have to consolidate Unitel's debt could have turned it into a shooting star. So a placing of Exco paper has been arranged; the public float ofg Exco rises by 27 per cent, and it ends up with 49.9 per cent of Unitel.

The telescope should really be focussing on Guinness Peat, now selling an interest which a few months ago was said to be central to its strategy for the 1990s. In fact GP's shortage of cash following its commodity losses in Chicago prevented it from taking a controlling interest in Unitel, and it was left with a trade investment that paid no dividends.

It now clears £18½m cash and an £8½m book profit, which goes some way towards topping up reserves. A further £30m or so of disposals are on the way, which should allow nearly all the central debt (as opposed to borrowings related to commodity trading) to be repaid. Potential book losses have already been provided for in the first half figures, and so has the terminal loss in Chicago—but not the profit on Unitel.

The scope for tidying up GP is considerable—already capital employed in merchanting and chemicals has been cut from £35m to £7¼m, and profits increased. When the degearing is complete, GP will have an insurance, commodity and miscellaneous FSC business capable of earning, say, £8m pre-tax in a reasonable year for commodity volume, and a merchant bank for which offers pushing £40m have been refused.

At the moment there is no dividend, and very little credibility. Still, the red ink in yesterday's profit and loss account reflects, not general decline, but vigorous and long overdue corrective avtion by the chief executive. The market capitalisation of £45½m at 68p is unrealistically low.

BAT/Marshall Field

Having received the unwelcome attentions of Mr Carl Icahn, Wall Street's earliest-rising professional dawn-raider, the Chicago-based department store group Marshall Field has been induced to come to terms with BAT Industries' U.S. subsidiary. A tender offer of $25½ a share — against Friday's closing price of $22 — is to go ahead, valuing Marshall Field at $310m. That is roughly equivalent to historic cost asset value, and around 13½ times earnings, which in the UK would be a cheap way into a major retailer.

BAT has proved itself a much more successful shopkeeper in the U.S. than in British High Streets, and it is confident that its Saks management can spice up Marshall Field's rather staid margins. If it gets hold of the company — which is by no means certain — the proportion of group assets in the U.S. will rise to roughly 50 per cent, and so will the debt0equity ratio, since Marshall Field has roughly $120m of long-term borrowings. BAT can live with that, but its shares are nearly double their 1981 low and a rights issue would not be surprising.

Brooke Bond

Brooke Bond has huffed and puffed to push its profits up—so far to no avail. After a bewildering number of acquisitions and disposals, profits for the half year to December work out slightly lower at £18.9m pre-tax and the full year is unlikely to show any advance on the 1980-81 figure of £41.7m.

The purchase of Mallinson-Denny has proved even more troublesome than expected. A trading profit of £4.9m has converted into a loss of £2m after direct funding costs, and that takes no account of dilution from the equity element of the deal. Mallinson's working capital has been heavily pruned but Brooke Bond's net debt of £163m still represents half of shareholders funds and the interest charge has trebled.

The second six months will see the benefit of disposal proceeds totalling £22m and some gains from a higher tea price. The first half was hit by the £2.5m Brooke Bond spent to launch its Red Mountain coffee brand, so coffee should make less of a dent on the revenue account in the current period. Yet, operating predominantly in mature markets, the company is bound to incur costs on this scale from time to time and has still to show that it can break through to a sustainable new earnings plateau. The shares have not yet shed their dowdy image and, after yesterday's 3p fall to 54p, they were back on a double digit yield of 10.6 per cent.

IMI

It is now a year since IMI came to its shareholders with a heavy 2 for 7 rights issue, committing itself to maintained dividends on the increased capital at a gross cost of £17¾m. It has now paid up.

By the standards of the engineering industry IMI's 1980 results were exceptionally good, led by sales of titanium to the aerospace industry. The company's generous dividend policy could really be justified only if the rights proceeds enabled earnings to leap ahead. Instead 1981 pre-tax profits have fallen by 15.6 per cent to £23.8m.

Moreover, the 1981 figures have been flattered by a fall in the level of rationalisation costs, the decision to stop equity accounting losses from zips, and interest on the rights money amounting to perhaps £2¼m for the year. The underlying drop in earnings could be as much as a third.

At 60p the shares yield just over 11 per cent. Cover for the dividend is scanty even in historic terms; stated current soct earnings of 0.8p a share emphasise how poor the earnings are in quality.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY. M G H